

SUSTAINABILITY STATEMENT

COMMITTED TO CREATING SUSTAINABLE VALUE

The MMC Group is committed to creating long-term shared value for our stakeholders and to securing the future of the Group by prioritising responsible management and sustainable development on the Economic, Environmental and Social fronts.

The respective businesses within the MMC Group continue to work together, leveraging on each other's strengths and resources to embed business sustainability within their organisations. This focus on sustainable progress is helping drive operational excellence as well as providing the impetus for the Group's businesses to make continuous improvements to strengthen business efficiency.

SCOPE AND METHODOLOGY

Our inaugural Sustainability Statement underscores our commitment to undertaking business in a responsible and sustainable manner through our Economic, Environmental and Societal or EES performance.

This Statement, which will be produced on an annual basis, covers the period 1 January to 31 December 2016. It highlights the business sustainability activities of specific components of the MMC Group, namely MMC Corporation Berhad and the operating companies within the Group's Ports and Logistics, Engineering and Construction as well as Group Property divisions. This Statement excludes the sustainability activities of Malakoff Corporation Berhad, Gas Malaysia Berhad and Zelan Berhad, which are public listed companies and will be producing their own sustainability reports.

We focus only on the Group's key sustainability activities in Peninsular and East Malaysia as well as provide insights into the key policies and structures pertaining to business sustainability. This Sustainability Statement is to be read in conjunction with the rest of MMC Corporation Berhad's 2016 Annual Report, which highlights other financial and non-financial aspects of our business. To avoid content overlap, certain parts of this Statement may make reference to existing content within other sections of this Annual Report.

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

MMC's commitment towards sustainable growth is evident throughout all levels of our organisation. At the leadership level, MMC's Board of Directors and our senior management acknowledge the importance of pursuing an agenda that upholds good EES practices. Our leadership has committed to investing in measures that promote the sustainable growth of the Group's businesses and which create value for our shareholders.

The Finance, Investment and Risk Committee (FIRC) in particular, is tasked with overseeing sustainability matters within the Group. The meeting of the FIRC is convened every quarter and chaired by one of the members of the Board of Directors. The Group Managing Director and other senior management attend the meeting by invitation.

On the ground, the various MMC teams carry out their everyday functions in a manner that makes a positive and sustainable impact on the EES front. With all employees within the Group doing their part to ensure responsible and sustainable behaviour, this is successfully safeguarding MMC's reputation and strengthening shareholder value.

Disclosure And External Assurance

While sustainable practices form part and parcel of the daily operations within our respective businesses, we are still at the early stages of developing a formal sustainability policy that encompasses all areas of the Group.

As this is our first consolidated Sustainability Statement, it has not been subjected to external assurance. We are in the process of streamlining our sustainability data collection and monitoring activities across MMC Group. We do however, recognise the importance of ensuring the credibility of our published Sustainability Statement and plan to seek external assurance for the next reporting cycle.

MMC is committed to integrating the sustainability agenda into its overall strategy and operations in a more distinct manner for the long-term as we acknowledge this is key to the success of our business. Going forward, we will focus our efforts on delivering a more comprehensive Sustainability Statement come the next reporting cycle.

MATERIAL SUSTAINABILITY MATTERS / KEY RISKS

While we have yet to undertake a formal materiality analysis at the Group-level to determine what topics are of importance to our external stakeholders, we have identified several risks in key areas that may have a direct or indirect impact on the Group's ability to create, preserve or erode EES value.

The following table spells out the risks in key areas and their possible impact on the Group. MMC has in place a host of initiatives to mitigate the impact of these risks on our businesses.

KEY AREAS OF RISK FOR THE MMC GROUP

KEY AREAS	RISK
Strategic	Viability of new and current investments
	Loss of concession
Operational	Competency and succession planning
	Delay in project completion and cost overruns
	Accidents leading to fatalities and major environmental impact
	Breach of system and data security
External	Foreign exchange (FOREX) volatility
	Security breaches and acts of terrorism

STAKEHOLDER ENGAGEMENT ACTIVITIES

As the Group's businesses and markets evolve, we find ourselves engaging with a growing number of diverse stakeholder groups. Proactive stakeholder engagement is a fundamental component of the MMC Group's sustainability strategy and we are committed to undertaking continuous activities in this area. Through proactive engagement with our many stakeholders, we are able to respond to their different expectations, meet their changing needs and strengthen our ties with them.

The Stakeholder Engagement Matrix below highlights the stakeholder engagement activities that we implemented in 2016:

STAKEHOLDER ENGAGEMENT MATRIX

Stakeholder	Key Area of Focus	Platforms and Tools Utilised
Shareholders / Bankers and Investors	Business direction of MMC and key corporate developments	<ul style="list-style-type: none"> - Regular shareholder communications / announcements on Bursa Malaysia and MMC's corporate website - Annual General Meetings / Extraordinary General Meetings - Quarterly and annual statements - Periodic engagements with equity analysts and fund managers
Government / Regulators and Policy Makers	Regulation, compliance and strong relationships	<ul style="list-style-type: none"> - Meetings, participation in exhibitions, site visits, case studies and sports activities
Customers, Suppliers and Industry Peers / Partners	Business direction, procurement, knowledge sharing and safety procedures	<ul style="list-style-type: none"> - Meetings, townhall sessions, roadshows, participation in exhibitions and networking lunches / dinners
Employees	Human capital development, safety, governance, corporate developments	<ul style="list-style-type: none"> - Regular communications via email blasts and quarterly publications - Townhall and dialogue sessions - Training and development initiatives - Social activities via Kelab Rekreasi MMC - Voluntary participation in CSR programmes
Local Communities	Education and social assistance	<ul style="list-style-type: none"> - Engagement during festive occasions, townhall sessions, motivational camps and sports activities

ECONOMIC PILLAR

This section aims to provide insights into our interactions within the marketplace ecosystem and describes how our business activities influence the economic conditions of our various stakeholders.

OUR BUSINESS STRATEGY

The MMC Group is continuously reviewing and improving its strategic direction and initiatives in order to ensure sustainable growth for our core business segments, namely our Ports and Logistics, Energy and Utilities and Engineering and Construction divisions. This is enabling us to cater to the ever changing and challenging economic and business environments as well as to ultimately adopt strategies that are more resilient as opposed to merely being reactionary.

Aside from concerted efforts to grow the Ports and Logistics division, much emphasis is also being placed on expanding the Group's Energy and Utilities capacity; capitalising on large-scale Engineering and Construction projects; and innovating Senai Airport City developments. We continue to make solid progress in each key focus area.

Please refer to the Management Discussion and Analysis section on page 18 to 43 of this Annual Statement for relevant updates on our overall direction as well as the financial and operational performance of the various divisions.

STRENGTHENING OUR MARKET ECOSYSTEM

MMC acknowledges that the total marketplace ecosystem is important to the Group's sustainable growth. By virtue of our being a key player in the many different businesses that we are involved in, the Group's activities continue to have a tangible impact and create value for the many sectors, markets and communities in which we operate. We are committed to engaging in initiatives that will help us to establish and nurture enduring ties with our customers, suppliers, industry peers and other stakeholders in the marketplace. The following highlights spell out how MMC's businesses are making a positive impact.

PORTS AND LOGISTICS

Pelabuhan Tanjung Pelepas Sdn Bhd: One of Malaysia's leading container terminals and a regional hub for major global shipping lines

Pelabuhan Tanjung Pelepas (PTP) is located strategically at the confluence of the world's international shipping lanes that passes through the Malacca Straits. With a container handling capacity of 10.5 million twenty-foot equivalent units (TEUs) annually, PTP presents itself as a key catalyst for growth beyond the shipping community nationwide. As PTP continues to strengthen its presence, the port's throughput, operations, supply chain as well

as human capital development are expected to be impacted significantly. PTP will ultimately serve as a catalyst that will bring about economic and social benefits to the Iskandar Malaysia region, the State of Johor and the nation.

Today, in tandem with the development of the Iskandar Region, PTP is aggressively promoting its 1,500-acre Free Zone land reserved for distribution, logistics, warehousing and manufacturing activities. The Free Zone is ideal for consolidation activities as well as international procurement centre and regional distribution centre operations. At present, the PTP Free Zone accommodates almost 40 customers who have altogether injected some RM2.7 billion through foreign and domestic direct investment as well as provided 20,000 jobs for the local population.

Johor Port Berhad: A premier multi-purpose port, serving global businesses

Johor Port Berhad is an integrated multi-purpose port facility located at the southern tip of Peninsula Malaysia. It provides a comprehensive range of port services to meet the individual needs of its customer. Having commenced operations in 1977 as the original Southern Gateway Multi-Purpose Port in Malaysia, Johor Port today operates a total area of 1,000 acres, of which 660 acres have been designated as Free Zone land.

The port today comprises 24 berths spread over a total berthing length of 4.9 km. With an annual handling capacity of 40 million metric tonnes (MT), Johor Port offers facilities such as a container terminal, bulk and break bulk terminal, liquid terminal and warehousing facilities. As the first port in Malaysia to be accorded Free Zone status, Johor Port is the appointed Free Zone Authority for the management of its Free Zone area.

Johor Port is the largest palm oil terminal in the world. It was designated an approved London Metal Exchange (LME) location in 2004 and is currently ranked No. 6 out of 35 in the world for LME cargo. Johor Port is also one of the largest discharging points for rice and cocoa in Malaysia as well as being one of the biggest terminals in Malaysia for fertiliser and cement.

Johor Port will continue to be the catalyst for new industrial and commercial developments such as the Tanjung Langsat Industrial Complex. It will also provide critical services and support for the PETRONAS Refinery and Petrochemical Integrated Development (RAPID) project at Pengerang.

Northport (Malaysia) Bhd: Malaysia's preferred gateway terminal

Northport (Malaysia) Bhd or Northport is one of the largest multi-purpose ports of its kind in the national ports system. It offers dedicated facilities and services to handle a wide variety of cargoes ranging from container and break bulk cargo to liquid, dry bulk and automotive cargo. Its facilities are located at two locations, namely Southpoint, for conventional cargo handling, and Northport, where state-of-the-art container handling facilities are located. With a container handling capacity of 5.6 million TEUs, Northport has emerged as one of Malaysia's most important gateway ports.

Northport offers viable solutions to shippers with its superior state-of-the-art facilities, including a real-time smart information application system designed to guarantee operational and cost efficiency to sustain speedy delivery and vessel turnaround time. Northport has also moved up the value chain by broadening its product base, by leveraging on 'logistical integration' among other things and increasing its attractiveness to a wider range of shippers and shipping lines.

Kontena Nasional Berhad: Malaysia's premier logistics company

With 45 years of experience in logistics operations, Kontena Nasional Berhad (KNB) is today one of Malaysia's largest one-stop logistics companies providing comprehensive logistics solutions customised to customers' requirements.

Freight transportation has long been a key driving force in Malaysia's economy. It facilitates the movements of import and export of goods within the country. KNB's aim is to optimise operational efficiencies and service levels to boost productivity as well as lower transportation costs and prices for consumers. Recognising that growth in freight movements could result in capacity constraints, road congestion as well as environmental challenges, KNB is working to ensure the efficient, safe and secure movement of goods to protect the economic interests of consumers, manufacturers and key industry stakeholders.

Senai Airport Terminal Services Sdn Bhd: The gateway to Iskandar Malaysia

Serving as the aviation gateway for Iskandar Malaysia and the southern region, Senai Airport Terminal Services Sdn Bhd (SATSSB) is dedicated to providing routes and services that cater to the needs of both tourists and business travellers. Equipped with a 3,800-metre runway, Senai International Airport is able to handle aircraft ranging from small Cessnas to large jets such as the Airbus A380 and Antonov 124. The airport, which occupies approximately 1,225.58 acres of land in the district of Kulai, handled approximately 6,244 tonnes of cargo in 2016.

The aviation sector is inextricably linked to national and regional economic development, tourism and globalisation. Senai International Airport has been supporting tourism and business growth in the southern region by aggressively promoting and attracting airlines to increase connectivity to/from Iskandar Malaysia. The passenger throughput has been steadily climbing from 0.8 million in 2003 to 2.8 million in 2016 (+250%) and further growth is anticipated.

ENERGY AND UTILITIES

This Statement excludes content on the operating companies under the Energy and Utilities Division. However, please refer to the MD&A section of this Annual Report for the financial and operational performance of this division.

ENGINEERING AND CONSTRUCTION

MMC-Gamuda KVMRT (PDP) Sdn Bhd: The MRT Sungai Buloh-Kajang (SBK Line)

The Mass Rapid Transit (MRT) SBK Line is the first of the three MRT lines to be developed. It will run from Sungai Buloh across the Central Business District (CBD) and end in Kajang. Spanning 51 km in length with 41.5 km of the line elevated and 9.5 km underground, the line comprises 31 stations of which 7 stations are underground. Each four-car train set serving the line has a total capacity of 1,200 passengers. The daily ridership is estimated to be about 400,000 passengers and the trains will run at a headway of 3.5 minutes during peak hours. The SBK Line will operate in two phases, with the first phase having started in December 2016 and the second to commence in July 2017.

MMC-Gamuda KVMRT (PDP SSP) Sdn Bhd: The MRT Sungai Buloh-Serdang-Putrajaya (SSP Line)

The MRT SSP Line is the second MRT line to be developed. The SSP Line will serve a corridor with a population of about 2 million people stretching from Sungai Buloh to Putrajaya, and will traverse major areas such as Bandar Sri Damansara, Kepong, Jalan Batu, Jalan Sultan Azlan Shah, Jalan Tun Razak, KLCC, Kuchai Lama, Serdang, Seri Kembangan and Cyberjaya. The approved alignment is 52.2 km long with 38.7 km of the line elevated and 13.5 km underground. The line comprises a total of 37 stations of which 11 stations are underground stations. Upon commencement of full services in the second quarter of 2022, the SSP Line is expected to have a daily ridership of 533,000 passengers. The 2 MRT lines, when completed, will significantly transform Kuala Lumpur into a world-class metropolitan city, and potentially increase the public transport mode share from the current 15% to 40%.

MMC Gamuda KVMRT (T) Sdn Bhd: Innovative solutions underneath the city landscape

MMC-Gamuda KVMRT (T) Sdn Bhd was set up specifically to undertake the design and construction work for the underground packages of the Klang Valley Mass Rapid Transit (KVMRT) project.

The RM8.2 billion tunnelling package for the MRT SBK Line involves the design and construction of a 9.5 km-long MRT underground tunnel with 7 underground stations. The underground tunnelling alignment runs from the Semantan North Portal near Federal Hill and runs past the urban transport hub of KL Sentral and the busy streets of Bukit Bintang and Chinatown, to the Maluri South Portal near Taman Miharja.

For the MRT SSP Line, the RM15.4 billion tunnelling package comprises the design and construction of a 13.5 km-long MRT underground tunnel with 11 underground stations traversing from the Jalan Ipoh North Escape Shaft to the Desa Waterpark South Portal.

MMC Pembetulan Langat Sdn Bhd: Innovative plant, equipped with green technologies and public facilities

MMC Pembetulan Langat Sdn Bhd (MMC PLSB), was awarded the Langat Sewerage Project by the Ministry of Energy, Green Technology and Water (KeTTHA) in 2015. The project comprises a centralised sewage treatment plant and sewerage conveyance system. Modelled after the successful Tokyo Metropolitan Sewerage Service in Japan, the innovative and modern facility will be equipped with green technology and public facilities that can accommodate a sewage inflow of 207,000 m³/day or 920,000 population equivalent (PE).

This project will rationalise 164 local sewage treatment plants in the areas of Cheras Batu 11, Desa Baiduri, Cheras Jaya, Kajang 1 and Kajang 3. It will also involve the construction of a new 105 km-long sewerage piping network and 6 new pumping stations as well as upgrading works on 4 existing pumping stations that will link directly into the centralised sewage treatment plant. Covering a 60.9 sq. km. catchment area, the plant is designed to achieve Standard A as per the Environmental Quality (Sewage) Regulations, 2009.

The project also accords the community with a range of public recreational amenities such as a community hall, landscaped park as well as a badminton and futsal court built above the plant. Scheduled to be completed in October 2020, the project is expected to improve the quality of Sungai Langat by reducing ammonia pollution.

GROUP PROPERTY

MMC's Group Property arm manages close to 6,000 acres of industrial developments in Iskandar Malaysia, Johor and Kulim, Kedah, namely Senai Airport City, Tanjung Bin Petrochemical & Maritime Industrial Centre and Northern Technocity in Kulim. The Senai Airport City, TBPMIC and NTC developments come under the ambit of Group Property's three operating companies – Senai Airport City Sdn Bhd, Seaport Worldwide Sdn Bhd and Northern Technocity Sdn Bhd respectively.

Group Property plays a vital role as a nation builder by bringing in investors from various industries to the industrial developments to boost the economies of Iskandar Malaysia in particular and the nation in general. Since 2012, Group Property has successfully brought in established business operators and manufacturers as well as reputable developers into the industrial developments.

Senai Airport City: Integrated airport city development

Senai Airport City Sdn Bhd is the master developer of the 2,718-acre integrated industrial development known as Senai Airport City. It provides the industrial development infrastructure required for various industrial sectors and is targeting the Free Industrial Zone, Hi-Tech & General Manufacturing, Aerospace Maintenance, Repair and Overhaul (MRO) & Logistics, plus Mixed Development segments.

Gazetted as a Free Zone, investors in Senai Airport City get to enjoy various incentives under Iskandar Malaysia, which include pioneer status, an investment tax allowance and Approved Developer Status. The industrial development is well connected via a comprehensive road network encompassing the Senai-Desaru Expressway and North-South Expressway. It also has ready access to major seaports, namely Johor Port and Pelabuhan Tanjung Pelepas, as well as two international airports, namely Senai International Airport in Johor and Changi International Airport in Singapore, allowing it to leverage on land, sea and air transport to major cities worldwide.

UPHOLDING GOOD MARKETPLACE PRACTICES

The MMC Group has in place a set of values and several policies to guide us in our day-to-day operations and ensure we uphold good marketplace behaviour. Internally we have in place our INTEC (Integrity, Innovation, Teamwork, Excellence and Commitment) Values, the MMC Group Procurement Policy and MMC Competition Compliance Policy, among other internal guidelines.

Externally, the following policies are available for viewing on the MMC website under the "About Us/Corporate Governance" sections i.e. Board Policy Manual, Whistleblowing Policy, Code of Ethics, Corporate Disclosure Policies and Procedures, Related Party Transaction Policies and Procedures, and Terms of Reference.

BUSINESS AWARDS AND ACCOLADES

MMC continues to garner recognition from the marketplace for our achievements on several fronts. In the year under review, we received a host of awards and accolades for our commitment to business excellence. The details of these can be found on our Awards and Accolades on page 89 of this Annual Report.

ENVIRONMENTAL PILLAR

This section describes our interaction with living and non-living natural systems and how our business activities influence these.

GOOD ENVIRONMENTAL PRACTICES

MMC prioritises environmental conservation and is conscious about sustainability from an environmental perspective. In operating our businesses, we are at all times committed to protecting the environment and complying with all applicable environmental laws and regulations. As part of our efforts to ensure a healthy and safe environment for our stakeholders, we continue to put in place the relevant measures to protect and preserve our environment. The following case studies highlight our approach to environmental protection.

Effective environmental preservation on the ports front

The Group's ports are today employing a host of effective environmental strategies to reduce energy consumption, mitigate greenhouse gas (GHG) emissions and preserve the biodiversity surrounding their operations.

Energy consumption is a major issue at our ports given the high dependency on diesel and electricity to operate our terminals and depots. Diesel remains the main source of energy. It is primarily used to operate prime movers, tugboats, pilot boats, rubber tire gantry cranes, forklifts and other heavy equipment. Electricity is mainly used for reefer blocks, high mast lights, building infrastructure, quay cranes and electrified rubber tire gantry cranes. To operate in a sustainable manner and make more efficient use of their energy resources, the ports have prioritised energy management and adopted a strategy to mitigate the negative impacts of uninhibited energy usage.

To this end, the ports are continually educating and increasing awareness about energy conservation and cost saving measures among employees, customers and suppliers. They are also increasingly turning to innovation and technological advances to enhance operational efficiency and reduce resource consumption. Other measures to date include the successful conversion of diesel-based equipment to electricity-based equipment, the conversion of conventional lights to energy saving ones, plus more focused activities to measure, monitor and report direct energy consumption.

On the emissions reduction front, the Group has been leveraging on a carbon accounting system to measure the amount of carbon dioxide emissions at our ports based on their diesel and electricity consumption.

The MMC Group remains committed to conserving the ecology and biodiversity of the environment we operate in by identifying, protecting and maintaining high conservation value areas. Our ports continue to implement measures to mitigate the impact of their operations on the surrounding environment as well as implement habitat protection measures for the same.

Mitigating the impact of construction works on the environment

In the course of executing construction projects, our Engineering and Construction Division places utmost importance on matters related to environmental protection. To this end, among the significant measures include the implementation of an Environmental Management System (EMS) to monitor and minimise the impact of construction activities on the environment.

Meanwhile hazardous or scheduled wastes are handled and disposed in the appropriate manner at prescribed premises. On top of this, community engagement activities are organised to foster strong relations with various stakeholders in an effort to promote environmental conservation.

Optimising energy efficiency at Senai Airport

As a responsible airport operator, Senai Airport Terminal Services (SATS) continues to promote the efficient use of energy to deliver service excellence to all airport users. This is being done by optimising energy consumption, reducing utility costs, and maximising capital and operational expenditure. SATS' environmental strategy seeks to maintain environmental quality through optimising energy consumption, reducing carbon emissions and managing noise pollution. Recognising rigorous business growth in support of the state's travel and tourism industry will contribute to a higher energy consumption if not properly managed.

ENVIRONMENTAL AWARDS AND ACCOLADES

The year 2016 marked another year of achievement for MMC as reflected in the recognition that we received on the environmental front. The details of these can be found on page 89 of this Annual Report.

SOCIAL PILLAR

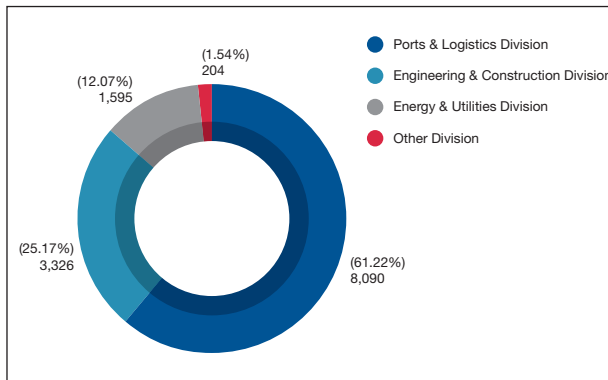
This section highlights our interactions within the social ecosystem in which we operate.

LABOUR PRACTICES AND DECENT WORK

The MMC Group has several diversified businesses under its Ports and Logistics, Energy and Utilities, Engineering and Construction, and Other Services portfolios. We continue to invest in developing sustainable businesses that serve as the impetus for growth of the country's economy. Our emphasis is on enhancing the lives of our nation's citizens by providing employment opportunities and through establishing meaningful collaboration with our customers, partners and the communities we operate in.

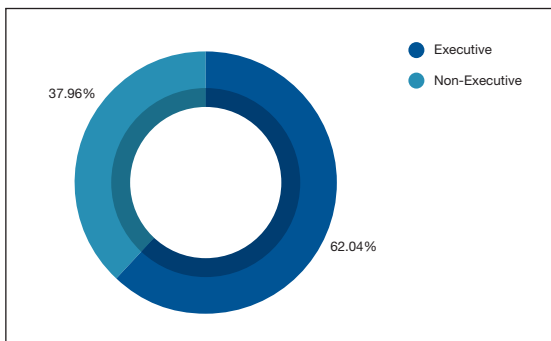
i. Workforce details

As at 31 December 2016, group-wide we had a staff strength of 13,215 employees spread over 17 operating companies in diverse industries. The Group's workforce then comprised 82.44% males and 17.56% females. The bulk of the Group's workforce (61.22%) was mainly from the Ports and Logistics segment followed by the Engineering and Construction and Energy and Utilities divisions making up 25.17% and 12.07% of the Group's workforce respectively, whilst Other Services made up 1.54% of the Group's workforce.

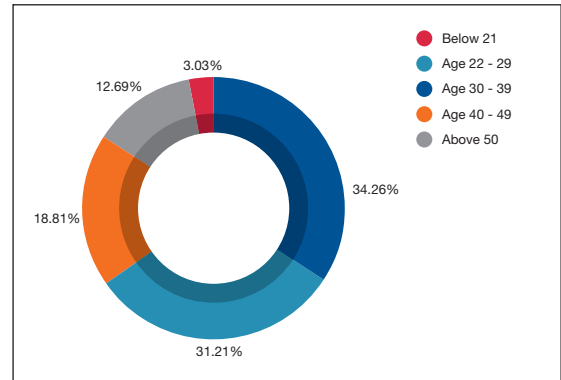


The following charts show the composition of MMC Group's workforce as at 31 December 2016:

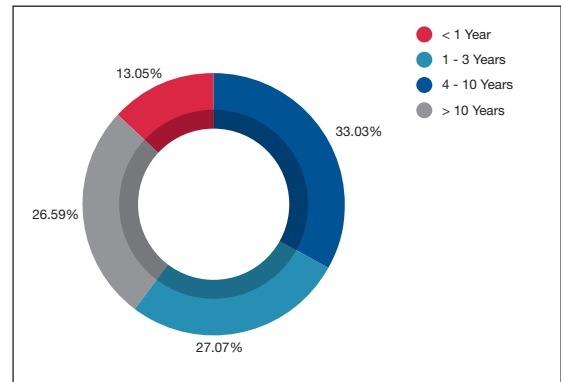
a. Breakdown by Position
(Executive levels vs. non-executive levels)



b. Breakdown by Age



c. Breakdown by Length of Employment/Tenure



Our employment practices are underpinned by the principles of fair treatment for our employees and a balance between performance, pay and participation.

Diversity

The Group's policies and business initiatives such as recruitment, retention, training and development, as well as Group-sponsored corporate and social activities. These are all undertaken in a way that does not discriminate against ethnicity, gender, age, disability, or status. MMC employs, appoints, promotes, develops and rewards its employees through the principles of meritocracy and fairness. We are committed to hiring and promoting people based on company-defined criteria. All these measures ensure that the MMC family remains a well-balanced, safe and harmonious one.

Employee engagement activities

We continue to prioritise employee engagement activities to communicate with and unify our employees. Engaged employees are more satisfied with their work, tend to stay longer, and are more productive and committed. Employees are encouraged to pursue their ideas with a passion and collaborate with others to make their ideas a reality through transfers and intra-company secondments.

We measure engagement and engagement drivers through surveys conducted every two years and provide the results to leaders and their organisations for follow-up. MMC uses the survey results to address employees' concerns and identify opportunities for improvement.

Employee practices and benefits

The long-term success of MMC is due to the dedication, skill and efforts of our employees. We continue to help our employees develop their diverse talents to drive the Group's success. To this end, we continue to implement several initiatives to ensure our people achieve their full potential which includes competitive pay, MMC Total Rewards, competitive benefits, retirement programmes, long service awards, financial education assistance, study leave and pilgrimage leave.

Labour relations

MMC respects and recognises the right of its employees to bargain collectively through representatives of their own choosing for rates of pay, wages, hours of employment, working conditions, and other employment-related issues. MMC bargains collectively and in good faith in accordance with the Trade Unions Act and consistently upholds the highest ethical standards.

Occupational health and safety

We remain committed to ensuring the best working environment for all employees of the Group and the communities that we operate in. To this end, our various operating companies continue to uphold stringent Health, Safety, and Environment (HSE) standards and regulations throughout their operations.

All operating companies and projects under MMC have their own Safety and Health Committees. Each committee consists of a chairman, management representatives and employee representatives. Safety and Health Committee meetings are held on monthly or quarterly basis with all related internal and external parties in attendance.

MMC continues to pay close attention to its HSE performance. The main HSE performance indicator that is closely monitored is the Lost Time Incident Frequency (LTIF). This refers to the number of injuries that results in an employee's inability to work the next full work day relative to the total number of hours worked. Cases that fall under Lost Time Injury (LTIs) are work-related in nature including fatalities, Permanent Total Disability (PTDs) and Lost Workday Cases (LWCs).

Talent retention, training and development

The Group is committed to attracting talent with the appropriate competencies as well as the relevant experience and qualifications. We provide continuous support to the learning and development of our employees and encourage our employees to take ownership to strive for personal excellence.

MMC has developed and implemented a competency framework across the Group to identify and outline specifically the required standards of knowledge, skills, and behaviours required for successful job performance. The competency assessment serves

to evaluate the competency levels of all employees as well as identify their competencies and skills gaps.

Succession planning

The Group has a policy that systematically identifies and nurtures talents for the purpose of employee career development and succession planning. In order to establish an effective succession plan, a Talent Selection Committee has been formed to facilitate the succession planning process within the MMC Group. The Talent Selection Committee is responsible for identifying Mission Critical Positions, reviewing succession leadership and undertaking development planning.

SOCIETY/COMMUNITY

As active members of the communities where we live and work, we endeavour to strengthen our relationship with the communities so that we can prosper together. For the year in review, we undertook a host of activities to enrich communities.

Community engagement initiatives

For 2016, we undertook several community enrichment activities. The details of these can be found in the relevant Stakeholders Engagement section on page 65 to 69 of this Annual report.

PRODUCT RESPONSIBILITY

Commitment to quality

The Group's operating companies are committed to continually improve their management systems and implement various quality activities to ensure they remain at the leading edge of their respective fields. The listing of quality certifications for the Group's various subsidiaries can be found on page 88 and 89 of this Annual Report.

SOCIAL-RELATED AWARDS AND ACCOLADES

For our good work on the human resource and community fronts, we received the following recognition. The details of these can be found on our Awards and Accolades on page 89 of this Annual Report.

MOVING FORWARD/BUILDING A SUSTAINABLE FUTURE

Being a conscientious corporate citizen, the MMC Group remains genuinely committed to balancing out our good Economic performance with responsible Environmental and Social considerations. Even as we focus our efforts on delivering a sustainable performance on the EES fronts, we will work hard to ensure that the notion of sustainability becomes embedded within our working culture in a more prominent manner.

In all that we undertake, we will endeavour to deliver true and sustainable value as well as establish enduring ties with our diverse stakeholders so that MMC Group strengthens its reputation as a model for responsible corporate behaviour.

CORPORATE SOCIAL RESPONSIBILITY

AT MMC CORPORATION BERHAD (MMC OR THE GROUP), OUR PASSION FOR CORPORATE SOCIAL RESPONSIBILITY IS REFLECTED IN OUR RESPONSIBLE BUSINESS PRACTICES. WE CONTINUE TO EXTEND OUR SUPPORT TO THE COMMUNITIES TO DEVELOP A SUSTAINABLE FUTURE.

The decisions we make today will influence the communities of tomorrow. It is imperative for us to conduct our businesses in a responsible manner, with sustainability at the heart of everything we do.

As we strive to achieve our vision to be a Premier Utilities and Infrastructure Group, we cherish this ambition to create a better world, improve the lives of others and create value for our stakeholders in various aspects of economic, environmental and social well-being.

Our Corporate Social Responsibility (CSR) approach consists of three key pillars, namely Education and Community Development; Human Capital Development and Environment Preservation.

Guided by our core values, we remain steadfast towards building a sustainable future by inculcating these values into our day-to-day activities to deliver positive outcomes. During the year in review, we focused on powering our CSR efforts in line with our strategic business priorities, strengthen our relationships with our employees, stakeholders, and communities as well as our commitment to the environment.



**EDUCATION AND
COMMUNITY
DEVELOPMENT**



**HUMAN
CAPITAL
DEVELOPMENT**



**ENVIRONMENT
PRESERVATION**

EDUCATION AND COMMUNITY DEVELOPMENT



One of MMC's key commitments is to nurture the future generation and provide our communities with quality education programmes. While providing this service through our Education and Community Development initiatives, our employees also have the privilege to engage with the communities, thus strengthening relationships, fostering a culture of caring whilst enhancing the social and economic well-being of those around us.

We have made significant strides in our outreach efforts thus far and remain committed in our efforts to shape a better future for the communities where we operate.



15 JANUARY 2016

Malakoff Corporation Berhad (Malakoff) officially handed over a newly completed mosque, Masjid Al-Amin Sungai Dinar to the community of Kampung Sungai Dinar, Mukim Serkat, Pontian. Malakoff contributed RM2.4 million towards the construction of the mosque located near Malakoff-owned Tanjung Bin Power Plant that can accommodate 500 congregations at one time. The new mosque provides a more comfortable and conducive environment for the local community to perform their prayers and other religious activities.



26 APRIL 2016

MMC Corporation Berhad (MMC) in collaboration with Malaysia Rating Corporation Berhad (MARC) and other corporate companies sponsored RM22,000 to Sekolah Kebangsaan Bukit Lanjan, Selangor.



30 APRIL 2016

Senai Airport Terminal Services Sdn. Bhd (SATSSB) together with Marrybrown Restaurant organised a colouring contest at the Aeromall, Senai International Airport. The contest consists of two category; children aged 4-6 for the first category and 7-9 years old for the second category. The objectives of the event was to foster closer relationship between Senai International Airport and Marrybrown Restaurant besides providing a platform for the kids to showcase their creativity.

03 MAY 2016

SATSSB welcomed students from Universiti Kuala Lumpur, Pasir Gudang Campus for an educational visit.



14 MAY 2016

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) together with SATSSB held a joint Corporate Social Responsibility (CSR) community programme for 40 selected primary school students and teachers within Gelang Patah area. The programme, consist of separate tour to PTP and Senai International Airport aimed to provide an opportunity for the students to learn more about the operations at PTP and Senai International Airport.



27 MAY 2016

Northport (Malaysia) Bhd (Northport), collaborated with its biggest customer, Wan Hai Lines to organise a blood donation campaign. The campaign was held at Wan Hai's office in Klang to raise awareness on the importance of blood donation and to encourage general public to donate blood voluntarily to help the society in need.



30 MAY 2016

PTP organised a one-day UPSR Motivational Talk for a total of 130 participants from 13 primary schools within Gelang Patah area. Held at Gelang Patah Multi-Purpose Hall, the motivational talk is a collaboration between PTP and Johor Bahru Educational Department. The programme aimed to equip Year 6 students with learning techniques and to improve students' performance in the examination.



14 JUNE 2016

SATSSB organised a charity programme in conjunction of Ramadan. 'We Care Ramadan' programme is an initiative by Senai Airport Terminal Services to help the less fortunate family in Senai. Under this programme, 20 less-fortunate families from Senai vicinity received the 'We Care Ramadan' pack to help them in Ramadan and for the preparation of Aidilfitri.



22 JUNE 2016

Johor Port Berhad (JPB) together with PTP and SATSSB conducted a joint CSR community programme with RTM (Johor FM). The event was held at RTM Sultan Iskandar Broadcasting Complex, Johor Bahru. During this programme, 3,000 packs of "Bubur Lambuk" were distributed to the general public and the local community of Johor.

**28 JUNE 2016**

Johor Chief Minister, YAB Dato' Mohamed Khaled Nordin officiated PTP's annual Hari Raya Aid Distribution called Tijarah Ramadhan Program. During the event, Dato' Mohamed Khaled Nordin presented RM30,000 worth of financial and essential aid to 150 underprivileged individuals consisting of the less fortunate, single mothers, orphans and five mosques around Gelang Patah area.

29 JUNE 2016

Malakoff distributed a total of RM224,500 Wakalah Zakat to 449 underprivileged recipients in an event for Asnaf and fakir miskin in DUN Kukup. The event was held at Mukim Serkat Council Hall, organised by Mukim Serkat's Headman, Tuan Roslan Bokari. The recipients from Mukim Serkat were chosen by the mukim's amils.

**01 JULY 2016**

Northport organised a CSR programme in conjunction with the Hari Raya Aidilfitri 2016 celebration. Essentials food items, raya cookies and duit raya were distributed to 15 families during the programme. The recipients were the poor and less fortunate families living in Kampung Rantau Panjang, Klang and Jalan Berembang's flat in Port Klang.

**26 JULY 2016**

Malakoff handed over its contribution for Programme Sahabat Korporat Tabung Haji (TH) in a ceremony held at TH Hotel, Kompleks Tabung Haji, Kelana Jaya. This year, Malakoff contributed RM100,000 in aid of hajj pilgrims that will leave for the pilgrimage starting from 4 August 2016.

28 JULY 2016

SATSSB together with Hospital KPJ Puteri organised a Health Day Campaign as part of its CSR initiatives. Among the highlights were blood donation drive, free health screening and healthy food cooking demonstration. Open for the Airport community and public, the objective of organising the Health Day Campaign is to promote awareness on the importance of practising a healthy lifestyle.

**13 AUGUST 2016**

PTP together with JPB held a CSR community programme for 40 selected primary school students within Gelang Patah area. The programme, consist of separate tour to JPB and PTP to provide an opportunity for the students to learn more about the daily operations at JPB and PTP.

20 AUGUST 2016

Senai Airport City Sdn Bhd (Senai Airport City) participated in a charity run to support the Palliative Care Association of Johor Bahru (PCAJB). PCAJB is a non-profit organisation providing assistance and support to life-threatening disease patients and their families through prevention, relief of suffering by means of early identification, impeccable assessment and treatment.

**02 SEPTEMBER 2016**

Religious messages echoed once again in Mukim Serkat and this time Masjid Al-Amin Sungai Dinar was the chosen location for Ceramah Perdana Malakoff. The annual community event was organised to strengthen the relationship between Malakoff staff and the local community, whilst gaining valuable knowledge from the talk. Approximately 300 guests gathered as early as 7pm and they were all ears to the religious talk given by the invited speaker, Ustazah Asni Abu Mansor.

**03 SEPTEMBER 2016**

Northport organised a "Program Persediaan Peperiksaan PT3 dan SPM 2016" for its employees' children as well as underprivileged students residing around Northport's business operation. 100 students who will be sitting for 2016 PT3 and SPM participated in this programme held at CBM Hall, Northport C.



03 SEPTEMBER 2016

MMC Pembedungan Langat Sdn Bhd (MMC PLSB) organised a community service activity on Aedes and Zika virus awareness with communities around its sewerage pipe network in Kajang. MMC PLSB team collaborated with the President of Residents Association and their Health Bureau Officer to distribute flyers with Abate followed by fogging exercise at residential areas in Saujana Impian, Taman Impian Sejati, Taman Impian Kasih including 2 schools at SMK Saujana Impian and SK Saujana Impian.



12 SEPTEMBER 2016

MMC PLSB donated 4 cattle for sacrifice to 4 areas in Kajang in conjunction with Hari Raya Aidiladha celebration. The contributions were presented by the Deputy Project Director, Major (R) Zulkarnain Yaakub to the head of communities in Saujana Impian, Taman Delima, Taman Impian Ehsan and Kampung Simpang Balak respectively. The local communities together with MMC PLSB staff gathered at Masjid and Surau to witness the sacrificial slaughter ceremony and worked together to distribute sacrificial meats to the underprivileged community and orphanage from a number of villages.



09 OCTOBER 2016

Malakoff organised a Ceramah Perdana in conjunction with the Maal Hijrah 1438H celebration at Masjid Khairul Jariah, Segari. The event that was attended by nearly 200 congregation consists of the local community and Malakoff staff. Ustaz Harryanto Rizal Rokman was invited as the guest speaker.



13 OCTOBER 2016

Malakoff organised a "Malakoff Road Safety Campaign" at Masjid Al-Amin Sungai Dinar, Mukim Serkat. Malakoff initiated this collaborative campaign to nurture positive attitude towards road safety and to educate the community on road safety as a shared responsibility. This event is a collaboration between Malakoff, Jabatan Keselamatan Jalan Raya, Jabatan Bomba dan Penyelamat, Polis Di-Raja Malaysia and other relevant in-house contractors at the Tanjung Bin facilities.

16 OCTOBER 2016

JPB organised a motivational talk for 240 SPM and STPM students from Sekolah Menengah Kebangsaan Gelang Patah. The insightful and eye opening talk aimed to develop the students through education. The programme encouraged students to discover, develop and apply their own strengths both academically and personally.



22 OCTOBER 2016

PTP successfully organised its annual Cricket Tournament for primary students in Gelang Patah. A total of 60 players from 4 primary schools namely SK Nusantara, SK Kompleks Sultan Abu Bakar, SK Pendas Laut and SK Tanjung Adang participated in the one-day tournament held at SK Kompleks Sultan Abu Bakar.



25 OCTOBER 2016

MMC Operating Companies in Johor i.e. Pelabuhan Tanjung Pelepas, Johor Port Berhad, Senai Airport Terminal Services and Senai Airport City extended a helping hand to the victims of Hospital Sultanah Aminah's fire incident. A total of 200 boxes of personal hygiene kits consisting of toiletries such as diapers, wet and boxed tissues, soaps, dental kits and other essentials were distributed to the hospital. More than 20 employees from our Operating Companies in southern region volunteered to assist with the distribution of the items to the Hospital.

**27 OCTOBER 2016**

Northport shared Deepavali cheers with Persatuan Rumah Warga Emas, Taman Sejati Klang, Selangor and distributed essential grocery items and hampers to 24 residents.

**03 - 06 NOVEMBER 2016**

Senai Airport City and SATSSB participated in Johor state's "Landscape Day 2016" to increase public's awareness and interest on construction, maintenance and creativity of landscape not only within residential areas but also at working premises.

**26 NOVEMBER 2016**

PTP continued to cultivate the spirit of camaraderie between its employees and the local community through its annual 'PTP 2016 Gotong Royong Perdana' at Sekolah Kebangsaan Tiram Duku, Gelang Patah. The programme aimed to promote greater awareness on maintenance of public amenities and to give back to the community where PTP operates.

**28 NOVEMBER 2016**

MMC contributed essential hospital equipment to Sultanah Aminah Hospital as part of its CSR initiatives to assist the Hospital in replacing some of the equipment that were damaged due to the fire incident which occurred in October. Among the items donated were 1 unit of ultrasound machine, 4 units of vital sign monitors, 2 units of pulse oximeter, 5 units of infusion pumps, 3 units of suction aspirators and 20 baby bassinets and trollies.

**29 NOVEMBER 2016**

PTP held its annual soccer league tournament for primary school students in Gelang Patah Johor. The tournament was held at SK Kompleks Sultan Abu Bakar and successfully gathered more than 150 students aged between 10 to 12 years old from 10 schools around Gelang Patah namely SK Nusantara, SK Tiram Duku, SK Gelang Patah, SK Taman Nusa Perintis 1, SK Tanjung Kupang, SK Morni Pok, SK Pendas Laut, SK Kampung Pulai, SK Sg Melayu and SK Tanjung Adang.

**05 DECEMBER 2016**

JPB contributed RM1 million to the UTM Endowment Fund in Johor. JPB previously signed a Memorandum of Understanding with UTM in March 2013 and pledged to contribute RM5 million to the UTM Endowment Fund. The fund so far received RM3 million and a total of 600 UTM's undergraduate students has benefited from the scholarships. The contribution was also used for Research and Development, publication of scientific materials and high impact programmes. As a token of appreciation towards JPB, UTM named their marine research centre as Johor Port Marine Technology Centre.

**19 DECEMBER 2016**

MMC Engineering Services Sdn Bhd (MMCES) collaborated with National Blood Centre for its blood donation drive held at Dewan Sri Payung, Wisma Zelan, Kuala Lumpur

28 DECEMBER 2016

PTP organised its annual Back-to-School programme to cheer up underprivileged children. The programme aimed to lessen the parents' financial burden and helping them to prepare their children for the new academic year. A total of 210 primary and secondary underprivileged students were chosen for this programme to receive the school aid including a brand new uniform and other essential school supplies.

HUMAN CAPITAL DEVELOPMENT



16 FEBRUARY 2016

Senai Airport Terminal Services Sdn Bhd (SATSSB) held a training programme for Senai International Airport Emergency Response Team (ERT). The team comprises 30 staffs within the SATSSB organisation, responsible for giving initial critical support and immediate assistance to victims, given the circumstances prior to the arrival of the Airport Fire Rescue Service (AFRS) or The Fire and Rescue Department of Malaysia. The 3-day course which was conducted by The Fire and Rescue Department of Malaysia at Senai International Airport AFRS Station and Bandar Putra Fire Station, Kulai has provided much skills and experience to the participants such as fire safety knowledge, first aid skills and many more.



13 APRIL 2016

Johor Port Berhad (JPB) organised a "Fight Your Stress, Love Your Heart" Wellness Day designed to encourage JPB employees to take full responsibility of the prevention of any Non-Communicable Disease (NCDs) especially heart disease, as it is among the leading diseases in Malaysia.

The commitment and dedication of our talents are the key aspects that drives innovation and quality services to our clients.

To this end, we continue to focus on talent management to ensure that key competencies are developed to complement our business needs. We embrace diversity and encourage inclusiveness in our organisation. The various learning opportunities accorded to our employees epitomises our commitment towards their professional development and in doing so, makes their experience and journey with us a rewarding one. We have established a strong career development framework that builds on our employees' capabilities throughout their professional lifecycle. At the same time, the safety and health of our employees continue to remain a priority in our operations.

**23 APRIL 2016**

JPB hosted a Family Day 2016 event at Kompleks Mutiara, Bandar Dato' Onn, as part of their appreciation and gratitude towards the employees. Themed "Rainbow", the event was attended by over 2,000 staff.

**25 APRIL 2016**

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) held its first MMC Ports Townhall to share the current status, future plans and strengthen employees' understanding towards the consolidation initiative. The engagement session was conducted by Ian James, Group Chief Executive Officer of MMC Port Holdings Sdn Bhd (MMC Ports).

30 APRIL – 01 MAY 2016

Malakoff Sports Carnival 2016 was held on 30 April and 1 May 2016 at Universiti Sains Malaysia, Penang. The event aimed at strengthening the working relationships amongst Malakoff staff in a more relaxed environment. A total of 325 participants from 6 teams, namely KLHQ, Tanjung Bin Power, Tanjung Bin Energy, Prai Power, Port Dickson Power and Lumut Power Plant took part in the carnival. The participants battled it out in 10 outdoor and indoor games such as football, futsal, bowling, dart, ping pong, tennis, badminton, carrom, sepak takraw and volleyball.

**12 MAY 2016**

Kontena Nasional Berhad (KNB) held its first MMC Ports Townhall meeting to share the latest updates on consolidation initiatives and way forward in line with MMC Ports.

**14 – 15 MAY 2016**

MMC Group successfully organised a two-day Culture Internalisation Programme at Institut Latihan Pos Malaysia, Bangi. The programme, participated by 30 participants from Northport (Malaysia) Bhd (Northport), KNB and Johor Port Logistics senior management team aimed to strengthen the spirit of unity and inculcate the MMC Group culture in respective operating companies.

**24 – 25 MAY 2016**

MMC Corporation Berhad (MMC) organised its maiden "Speaking Engagement with Global Speakers" programme in partnership with DRB-Hicom and Leaderonomics. In this programme, several world class speakers were invited to share valuable knowledge and experience on areas such as leadership, customer management, corporate culture and communications. Around 80 senior leaders and talents across MMC Group and DRB-Hicom Group took part in the 2-day programme.

**24 MAY 2016**

SATSSB organised an emergency action plan exercise to familiarise relevant parties with procedures in the event of air disasters involving airlines and passengers.

**30-31 MAY 2016**

Northport organised corporate visits to its sister companies, JPB and PTP. The visits were arranged with the objectives of knowledge sharing on operational excellence and best practices under the MMC Group as well as to strengthen the spirit of 'one-ness' among the operating companies.

**14 JULY 2016**

JPB organised a carnival-like fun-filled sports event called "JPB Sports Carnival 2016". More than 500 employees participated in the event. A total of 7 sporting events were contested during the tournament namely bowling, badminton, football, netball and indoor games, including carrom, darts and sepak takraw. The competition commenced with bowling, football, badminton on 14 July 2016 followed by the remaining indoor games on 6 August 2016.

**29 JULY 2016**

Gas Malaysia Berhad held a Majlis Hari Raya event to promote a strong working culture of unity and fellowship.

**02 AUGUST 2016**

PTP held its annual staff Hari Raya gathering to promote solidarity, friendship and to uphold the spirit of thoughtfulness among the staff.

**27 SEPTEMBER 2016**

MMC Pembetulan Langat Sdn Bhd (MMC PLSB) organised a Safety Management Walkabout at MMC PLSB Office in Kampung Simpang Balak, Kajang in conjunction with its 1.5 million man-hours without Lost Time Injury.

**01 AUGUST 2016**

KNB organised a "Hari Raya Aidilfitri Kontena Nasional 2016" at its HQ in Jalan Klang Lama, Petaling Jaya. The programme was held to foster relationship and teamwork between employees of Kontena Nasional.

**15 AUGUST 2016**

PTP successfully organised its August Townhall session with Chairman, Dato' Sri Che Khalib Mohamad Noh. More than 200 employees from various level attended the session.

**07 OCTOBER 2016**

Dato' Sri Che Khalib Mohamad Noh, Group Managing Director of MMC had an engagement session with the employee of MMC Engineering Services Sdn. Bhd. (MMCES) at Wisma Zelan, Bandar Tun Razak, Cheras. Also present during the session was En. Mohd Abdul Fatah Endut, Chief Executive Officer (CEO) of MMCES.

**01 - 02 AUGUST 2016**

To strengthen the hiring process in MMC, Group Human Resources division organised a training to equip its employees with the right interviewing techniques. The Competency-Based Interviewing training was attended by 15 HR professionals particularly the recruiters within MMC Group.

23 AUGUST 2016

The Group Legal and Group Human Resources Division of MMC organised a talk by Shearn Delamore & Co. on Competition Law. The session was part of MMC's effort to enhance its Directors and Senior Management knowledge and understanding on the Malaysian Competition Act 2010. 40 Directors and Senior Management from the MMC Group attended the talk, which provided information on the essential principles of competition/antitrust and shed lights on the recent developments and cases locally and Internationally.

**28 OCTOBER 2016**

MMC's annual Long Service Awards continued to recognise contribution of its employees. For 2016, the Group recognised 18 employees from MMC, MMCES, MMC Oil & Gas, MMC Engineering and Construction Sdn Bhd (MMCEC) and MMC Tepat Teknik Sdn Bhd who have dedicated 10, 20 and 30 years of service to the Group. In the same event, MMC also celebrated and awarded 19 Student Excellence Awards to children of its employees who achieved excellent results in the UPSR, PMR and SPM year 2015 examinations.

**11 – 13 NOVEMBER 2016**

MMCES organised a three-day, two-night team building programme for 41 employees consisting of managers from MMC, MMC Engineering Group and MMC PLSB. The programme aims to develop inspiring leaders and high performing team members in their respective organisations.

**12 NOVEMBER 2016**

PTP held its "Colour of Life 2016" themed Family Day to celebrate its employees together with their immediate family members. More than 6,500 people including the Gelang Patah community attended the celebration.

**19 NOVEMBER 2016**

Kesatuan Pekerja – Pekerja Pelabuhan Tanjung Pelepas, an organised association for non-management workers of PTP held its 3rd Annual General Meeting at Wisma B PTP. The AGM was officiated by Chairman, Dato' Sri Che Khalib Mohamad Noh and attended by more than 100 members of the union. Also in attendance were Marco Neelsen, CEO of PTP, Tuan Haji Mohamed Shafie BP Mammal, President of UNI Global Union – Malaysia Labour Centre, union representatives from Northport and JPB as well as other PTP Management Team.

**21 NOVEMBER 2016**

SATSSB organised an Airport Emergency Exercise at the airside field of Senai International Airport in accordance to the requirement set by the Department of Civil Aviation and International Civil Aviation.

**02 DECEMBER 2016**

Northport held its second townhall session with Chairman, Dato' Sri Che Khalib Mohamad Noh. The session was attended by Heads of Divisions and Departments, representatives of the staff union and associations as well as other employees in Northport.

**02 DECEMBER 2016**

JPB held a Talent Appreciation Day to acknowledge employees for their outstanding performance. The highlight of the event was a graduation ceremony for the Management Development Programme, a leadership programme for mid-management level. Apart from MDP, a similar leadership programme titled "Supervisory Development Programme" was launched, involving 30 talents from supervisory level. The fourth batch of Young Talent Programme were also recognised with several awards during the event.

**20 DECEMBER 2016**

MMC organised a site visit to the Klang Valley Mass Rapid Transit Cochrane Tunnel site for employees from MMC, MMCES and MMCEC to have a closer view of the project and gain insight into the engineering and construction industry.

**23 & 29 DECEMBER 2016**

To encourage knowledge sharing between Senior Management and employees, MMC conducted two sessions of "Leaders as Teachers" programme for the senior leaders to share their business and functional knowledge with the employees. The sessions also serve as a platform to provide updates on the company's latest developments.

ENVIRONMENT PRESERVATION



08 MARCH 2016

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) collaborated with Lembaga Pelabuhan Johor (LPJ) and Universiti Putra Malaysia on Rehabilitation of Sea Grass Meadow Project. The site visit was organised in an effort to oversee the current condition of the sea grass meadow and its habitat for an understudy project of PTP – LPJ future environmental Corporate Social Responsibility (CSR) programme. Grounded by UPM's latest finding, the sea grass population at Tanjung Adang area has shown growth in 2015 as compared to the past years. The CSR based collaboration aimed to instill environmental awareness and to appreciate the importance of the sea grass habitat and to give the exposure to the team on the mitigation plan for future PTP Terminal Development.

At MMC, we recognised the importance to operate sustainably and responsibly, and endeavour to balance business expansion and minimise our impact on the environment. To realise these goals, we work with local communities, government agencies and universities to carry out studies and apply necessary initiatives to ensure environment preservation within our operations and optimal use of natural resources.

Throughout the year, we have reached out and touched the lives of others through our community programmes, and we will continue to do so. We believe our actions today will make a meaningful difference in protecting our natural environment for our future generations.



26 – 28 SEPTEMBER 2016

Malakoff Corporation Berhad (Malakoff) in collaboration with the Ministry of Natural Resources and Environment (NRE) and Department of Marine Park Malaysia (JTLM), continued its annual "Malakoff-NRE Coral Rehabilitation Project" at Pulau Besar, Mersing, Johor. 10 divers from JTLM and Malakoff planted 4,000 nubbins around the island and a coral clean-up activity was carried out during the 3-day event. In addition to that, 10 mooring bouys and 300 meters of marker bouys were installed to reduce the risk of damaging the marine ecosystem, especially coral reefs and lower the probability of accidents and injuries to visitors during water activities. Malakoff also presented a contribution of RM25,000 to NRE through Y.B. Datuk Haji Ir. Hamim as a representative from the ministry for the project.



27 APRIL 2016

Malakoff in collaboration with the Fisheries Department, continued its annual "Kenali Penyu, Sayangi Penyu" Turtle Awareness and Educational Programme for the fifth year running at Segari Turtle Management Centre (TMC). The programme aims at promoting awareness among the public on the threats to turtles. 200 volunteers from Malakoff and the Fisheries Department as well as 20 students from Institute of Marine Engineering Technology, Lumut campus of Universiti Kuala Lumpur participated in the event.



23 OCTOBER 2016

Johor Port Berhad participated in a Beach Cleaning Programme at Pengerang Integrated Complex known as 'Setapa Sustainable Shoreline-Beach Cleaning Programme' along Tanjung Setapa shoreline.



14 NOVEMBER 2016

PTP in collaboration with LPJ invited representatives from Iskandar Regional Development Authority (IRDA) and Majlis Perbandaran Johor Bahru Tengah (MPJBT) for a site visit to the sea grass habitation located at Tanjung Adang Seagrass Meadow area. The visit was held to oversee the current condition of the sea grass meadow and its habitat for an understudy project of PTP – LPJ future environmental CSR programme. With the assistance from research team from Universiti Putra Malaysia, the excursion activity aimed to expose the team and instil environmental awareness to local authority involved towards PTP and LPJ's plan to develop the area as part of a sustainable ecological park.



31 DECEMBER 2016

Malakoff participated in record-breaking Karas Tree Planting Programme, in Ledang, Johor, organised by NRE.

2016 CORPORATE HIGHLIGHTS

13 JANUARY 2016

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) successfully handled more than 18,000 TEUs in a single berthing by a vessel.



19 JANUARY 2016

Honda Malaysia commenced its first shipment of cars to East Malaysia using Northport (Malaysia) Bhd's (Northport) Vehicle Transit Centre facilities where 126 units of Honda cars were loaded onto MV Zarah Sofia along with 1,562 vehicles and heavy equipments.



26 JANUARY 2016

MMC Group Management Team visited Balai Berita NSTP.

14 JANUARY 2016

Senai Airport City Sdn Bhd (Senai Airport City) participated in Community Initiated Iskandar Malaysia Conference 2016, held at Thistle Hotel, Johor Bahru.



27 JANUARY 2016

Johor Port Berhad (JPB) hosted an appreciation dinner for all shipping lines in Johor.



9TH ANNUAL DEAL AND SOLUTION AWARDS 2015



02 FEBRUARY 2016

MMC Corporation Berhad's (MMC) Sukuk is the Best Islamic Finance Deal of the year 2016.



03 FEBRUARY 2016

The new recruits along with several senior staff from Suruhanjaya Tenaga (ST), visited Gas Malaysia's Headquarters at Shah Alam. The objective of the visit was to familiarise the new recruits from ST on Gas Malaysia's business functions and operations.



04 FEBRUARY 2016

JPB organised a luncheon and award presentation ceremony to PACC Container Line to mark their appreciation and support given throughout 2015.

12 FEBRUARY 2016

Zelan Berhad (Zelan) together with PETRONAS celebrated the physical completion of the Material Off Loading Facilities' (MOLF) Jetty and 1 Million Safe Man-hours Without Loss Time Injury (LTI) in Tanjung Setapa for RAPID project.



11 FEBRUARY 2016

MMC Pembetungan Langat Sdn Bhd (MMC PLSB) signed an agreement with the Ministry of Energy, Green Technology and Water (KeTTHA) to carry out the Langat Centralised Sewage Treatment Plant (Langat CSTP) and sewerage conveyance system project.



12 FEBRUARY 2016

Malakoff Corporation Berhad (Malakoff) organised a friendly football match with Suruhanjaya Tenaga at Stadium Majlis Sukan Negara.



19 FEBRUARY 2016

MMC Port Holdings Sdn Bhd (MMC Ports) organised its first customer appreciation dinner in conjunction with Chinese New Year festivities.

23 FEBRUARY 2016

Gas Malaysia held its Information Meeting and Long Service Award event as a platform to update employees on the company's performance and extend the Board's appreciation for the contribution rendered in 2015.



11 FEBRUARY 2016

Ministry of Transport's Secretary General Datuk Seri Saripuddin Kassim made his first inaugural visit to PTP as part of his site visit programme.



18 FEBRUARY 2016

Senai Airport City organised a seminar for potential investors in Johor Bahru.

**24 FEBRUARY 2016**

MMC Engineering Services Sdn Bhd (MMCES), PETRONAS Power Sdn Bhd together with Siemens AG organised a "2 Million Man Hours Without LTI Appreciation Day" at Pengerang Cogeneration Plant Site, Pengerang, Johor.

01 – 05 MARCH 2016

PTP and JPB collaborated with Lembaga Pelabuhan Johor (LPJ) to participate in Malaysia International Furniture Fair 2016.



PERANCANGAN PEMBANGUNAN HENSIF II ISKANDAR MALAYSIA

**06 MARCH 2016**

Senai Airport City and PTP participated in Johor Development Strategic Plan & Iskandar Malaysia Comprehensive Development Plan II. The event was launched by the Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak at Edacity Sports Complex, Iskandar Puteri.

11 MARCH 2016

Malakoff held a friendly football match with KeTTHA.

**21 MARCH 2016**

Malakoff's Tanjung Bin Energy started its commercial operation following successful phases of construction, testing and commissioning.

**31 MARCH 2016**

Mass Rapid Transit Corporation Sdn Bhd awarded RM15.47 billion underground works contract to MMC-Gamuda KVMRT (T) Sdn Bhd.

11 APRIL 2016

Syarikat Borneo Highway PDP Sdn Bhd (BHP) together with Federal and State Government of Sabah signed a Project Delivery Partner agreement to manage and implement the construction of 706KM Pan Borneo Sabah Highway project. UEM MMC Joint Venture Sdn Bhd, a 50:50 jointly controlled entity of MMC has 40% stake in BHP.





15 APRIL 2016

Northport's biggest customer, Wan Hai launched the On-Dock-Depot facility at Northport's Container Terminal 2.



21 APRIL 2016

Malakoff held its 10th Annual General Meeting at Hotel Istana, Kuala Lumpur.



21 APRIL 2016

Senai Airport Terminal Services Sdn Bhd (SATSSB) organised a joint management Health, Safety and Environment walkabout programme within Senai International Airport to inculcate a safety culture among its employees.



24 APRIL 2016

Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak launched the RM12.86 billion Pan Borneo Sabah Highway project at Kampung Andus, Papar.



23 & 24 APRIL 2016

Senai Airport City promoted MMC's industrial developments and business opportunities in Iskandar Malaysia, Johor for Japanese investors and industrialists.



27 APRIL 2016

JPB organised a roadshow for manufacturers themed "Moving Forward with Johor Port Berhad" at Tanjung Puteri Resort.



28 APRIL 2016

PTP held its annual Safety Day to promote safe, healthy and decent work environment in conjunction with Global Safety Day.

**06 MAY 2016**

MMC celebrated the Group CEO Awards dinner ceremony at Colmar Tropicale Bukit Tinggi, Pahang. En Shahrull Allam Shah, CEO of Johor Port Berhad was named as the CEO of the Year 2015.

**10 MAY 2016**

JPB participated in World Fire-Fighters Day Parade National Level 2016.

**16 MAY 2016**

Malindo Air began its Jet operation between Kuala Lumpur International Airport (KUL) and Senai International Airport (JHB).

**10 MAY 2016**

MMC held its 40th Annual General Meeting at Hotel Istana Kuala Lumpur.

**11 MAY 2016**

Gas Malaysia held its 25th Annual General Meeting at Hotel Istana Kuala Lumpur.

**19 MAY 2016**

Pengerang Integrated Petroleum Complex (PIPC) received its first Break Bulk & Heavy Lift Vessel shipment at the MOLF in Tanjung Setapa. The unloading and delivery of the vessel to MOLF Tanjung Setapa was fully managed by JP Logistics Sdn Bhd (JP Logistics).

14 - 15 MAY 2016

Bangladesh Minister of Shipping together with Delegation from Chittagong Port Authority, Bangladesh visited Kontena Nasional Berhad's (Kontena Nasional) office and PTP as part of bilateral engagement between Malaysia and Bangladesh.



20 – 22 MAY 2016

PTP and JPB participated in Kembara Kerjaya Johor 2016.



28 MAY 2016

Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak launched Pan Borneo Sabah's Second Package Tawau – Sandakan.



30 MAY 2016

SATSSB welcomed AirAsia's first Guangzhou flight to Johor Bahru. Guangzhou is the fifth international route offered by AirAsia from Senai International Airport.

31 MAY 2016

MMC signed a Memorandum of Understanding (MoU) with China-Malaysia Qinzhou Industrial Park.



02 JUNE 2016

Northport received a visit from National Logistics Task Force, Port Klang PKFZ and Yayasan Al Bukhary.

07 JUNE 2016

MMCES celebrated the arrival of the first Siemens SGT5-8000H gas turbine for Pengerang Cogeneration Power Plant Project, together with Siemens Malaysia and PETRONAS.

25 JUNE 2016

JPB achieved another milestone by handling the tallest and heaviest Propylene Fractionator Process Column for the steam cracker facility at MOLF Tanjung Setapa, within PIPC in Pengerang, Johor.

**28 JUNE 2016**

Johor's Chief Minister Dato' Seri Mohamed Khaled Nordin made an official visit to PTP and officiated Tijarah Ramadhan Programme.

**14 JULY 2016**

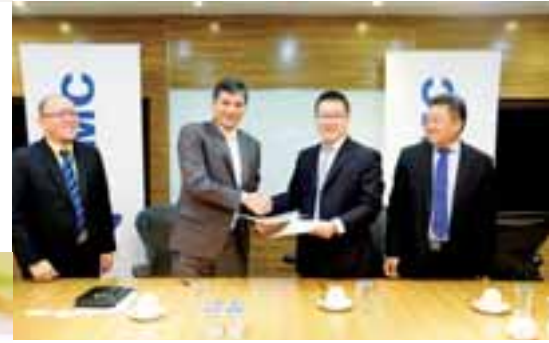
JPB received Break Bulk & Heavy Lift Shipments from the US Army into Johor. The US Army special troupes had brought in their military equipment and weapons for a Keris Strike Exercise; U.S and Malaysia's bilateral military exercise at Kem Ulu Tiram, Johor.

**28 JULY 2016**

PTP, JPB, SATSSB and Senai Airport City held a joint Hari Raya Open House for its customers and stakeholders at Mutiara Hotel, Johor Bahru.

**02 AUGUST 2016**

MMC welcomed more than 1,300 stakeholders, comprising government officials, business and joint-venture partners, corporate clients and bankers to its MMC Ceria Aidilfitri Open House 2016.

**05 AUGUST 2016**

MMCES signed a MoU with China Railway No.3 Engineering Group Co. Ltd, to embark on underground works for Mass Rapid Transit Sungai Buloh – Serdang – Putrajaya line.

29 JULY 2016

Senai Business Aviation Terminal received a visit from the United States Secretary of the Army, Eric Fanning who flew in to observe the Keris Strike Exercise.



17 AUGUST 2016

JP Logistics signed the Corporate Integrity Pledge with the Malaysian Anti-Corruption Commission to signify its commitment to uphold the 5 Anti-Corruption Principles for Corporations and synchronise their practices with global integrity standards.

19 – 20 AUGUST 2016

MMC Games 2016 was held at Arena UM, Universiti Malaya, Kuala Lumpur.



17 AUGUST 2016

Senai International Airport was proud to be the venue host for 'Majlis Pelancaran Bulan Kemerdekaan Peringkat Daerah Kulai 2016'.



26 AUGUST 2016

Northport organised a Stakeholders' Session with CEO for the haulier fraternity at CBM Hall, Northport C.

08 SEPTEMBER 2016

MMC participated in Bursa Bull Charge 2016.



19 AUGUST 2016

Senai Business Aviation Terminal received the arrival of King Msati III, the King of Swaziland. Johor's Chief Minister Dato' Seri Mohamed Khaled Nordin was present to welcome The King who arrived in a private Boeing 762-200ER aircraft.



30 AUGUST 2016

JPB Security & Safety Department organised a 'Buckle-Up' safety campaign.



15 SEPTEMBER 2016

JPB signed an agreement with PETRONAS Refinery and Petrochemical Sdn Bhd (PRPC) for Package 21F-Material Offloading Facilities Port Operatorship Agreement.



30 SEPTEMBER 2016

Senai Airport City organised a seminar to showcase its industrial developments and business opportunities to potential investors and industrialists.

**08 OCTOBER 2016**

Johor's Chief Minister Dato' Seri Mohamed Khaled Nordin officiated Senai Airport City and Bukit Amber Diamond Interchange at KM 10.95 (exit 254A) of the North-South expressway in Senai, Johor.

15 - 20 OCTOBER 2016

PTP and JPB participated in the Johor Port Week 2016 organised by LPJ to promote various services and facilities offered by ports and logistics companies in Johor.

**05 - 08 OCTOBER 2016**

Langat CSTP participated in International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM 2016).

**05 OCTOBER 2016**

Northport won Outstanding Performance Award under the Port category at World Maritime Day 2016. The event was also participated by PTP and JPB.

**17 OCTOBER 2016**

Dato' Sri Che Khalib Mohamad Noh, Group Managing Director of MMC Corporation Berhad officiated the MMC Group Health, Safety and Environmental Week 2016 and Ports Buckle Up Campaign at Wisma Budiman, Kuala Lumpur. The launching was celebrated exclusively through video conferences with PTP, JPB, Northport, Penang Port Sdn Bhd, SATSSB and Senai Airport City.



05 NOVEMBER 2016

JPB received two prestigious recognitions; 1st place in Private Sector's Building category and 1st place in Factory category at the Landscape Day State Level Celebration 2016.



17 OCTOBER 2016

MMC PLSB celebrated 1.5 Million Man Hours without LTI for the Langat CSTP and Sewerage Conveyance System project.



07 NOVEMBER 2016

Chairman of Keretapi Tanah Melayu Berhad visited PTP and JPB.



08 NOVEMBER 2016

PTP and Northport received the APSN Green Port Award System in conjunction with the APEC Port Services Network Workshop on Safety of Dangerous Goods at Ports.



27 OCTOBER 2016

CEO of Pengurusan Aset Air Berhad attended a site visit and progress briefing for Packages 2A of Langat 2 Water Treatment Plant, Hulu Langat.



27 OCTOBER 2016

MMC was awarded with Bronze Award under the category of Employer of Choice at the 16th Malaysia HR Awards 2016.



19 NOVEMBER 2016

Kesatuan Pekerja-Pekerja Pelabuhan Tanjung Pelepas held its 3rd Annual General Meeting at Wisma B, PTP.

**19 NOVEMBER 2016**

MMC Group strengthened ties with Unit Kerjasama Awam Swasta through a friendly bowling games.

27 NOVEMBER 2016

PTP continued to foster closer ties with state government agencies through the PTP Free Zone Community Sports 2016.

**29 NOVEMBER – 01 DECEMBER 2016**

SATSSB participated in the Johor Tourism's Explore Johor Mission in Ho Chi Minh, Vietnam. The mission was led by Datuk Tee Siew Kiong, Chairman of Tourism, Trade and Consumerism Committee.

**01 DECEMBER 2016**

MMC Ports organised a golf event at Glenmarie Golf & Country Club, Shah Alam for its major customers.



06 DECEMBER 2016

MMC Group participated in Iskandar Malaysia 10th Anniversary Celebration, organised by Iskandar Regional Development Authority.

15 DECEMBER 2016

Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak launched the first phase of Mass Rapid Transit Sungai Buloh-Kajang Line. MMC, through its subsidiary MMC-Gamuda KVMRT is the Project Delivery Partner for the project.



09 DECEMBER 2016

Aliran Ihsan Resources Berhad introduced its first 'Industrial Wastewater Recovery Plant' using Reverse Osmosis Membrane Technology for its client, a rubber glove industry in Senawang.



21 DECEMBER 2016

Gas Malaysia opened its new office branch in Ayer Keroh, Melaka to further improve their presence and extend the services in that area.

14 DECEMBER 2016

SATSSB received visit from PT Angkasa Pura I, a state enterprise of the Indonesian Department of Transport that is responsible for the management of airports in East Indonesia.



21 DECEMBER 2016

JPB signed a MoU with PT Pelabuhan Indonesia (PELINDO IV) at a ceremony held in Jakarta, Indonesia.



LIST OF ASSOCIATIONS AND CERTIFICATIONS



PELABUHAN TANJUNG PELEPAS SDN BHD

- ISO 14001:2004 – Environmental Management System
- ISO 9001:2008 – Quality Management System
- OHSAS 18001:2007 – Occupational Health & Safety Management
- ISO/IEC 27001:2013 – Information Security Management System
- Port Safety, Health, Environment Management System (PSHEMS) Recognition by Partnerships in Environmental Management for the Seas of East Asia (PEMSEA)
- A Member of Federation of Malaysian Port Operating Companies (FMPOC)
- A Member of International Ports & Harbour Associations (IAPH)
- A Member of ASEAN Ports Malaysia (APA)
- A Member of Federation of Malaysian Manufacturers (FMM)
- A Member of Malaysian International Chamber of Commerce & Industry (MICCI)
- A Member of the Institute of Internal Auditors (IIA)

JOHOR PORT BERHAD

- ISO 9001:2008 – Quality Management System
- OHSAS 18001:2007 – Occupational Health & Safety Management System
- ISO/IEC 27001:2013 – Information Security Management System
- ISO 55001:2014 – Asset Management System
- A Member of Malaysian Institute of Accountants
- A Member of ASEAN Ports Malaysia (APA)
- A Member of Institute of Internal Auditors
- A Member of Information System Audits and Control Association

NORTHPORT (MALAYSIA) BHD

- ISO 9001:2008 – Quality Management System
- ISO/IEC 27001:2005 MS ISO/IEC 27001:2007 – Information Security Management System
- MS 2400-2:2010 Halalan-Toyyiban Assurance Pipeline Management System
- A Member of Federation of Malaysian Port Operating Companies (FMPOC)
- A Member of Chartered Institute of Logistics & Transport (CILT)
- A Member of Institute of Marketing Malaysia (IMM)
- A Member of ASEAN Port Association (APA)
- A Member of International Ports & Harbours Association (IAPH)
- A Member of Malaysian International Chamber of Commerce and Industry (MICCI)
- A Member of Ikhtisas Kelautan Malaysia (IKMAL)
- A Member of Maritime Institute of Malaysia (MIMA)

RED SEA GATEWAY TERMINAL CO. LTD

- ISO 9001:2008 – Quality Management System
- ISO 10002:2014 – Quality Management – Customer satisfaction

KONTENA NASIONAL BERHAD

- ISO 9001:2008 – Quality Management System
- OHSAS 18001:2007 – Occupational Safety & Health Management
- International Air Transport Association (IATA)
- Airfreight Forwarders Association of Malaysia (AFAM)
- Selangor Freight Forwarders and Logistics Association (SFFLA)
- Penang Airfreight Forwarders Association (PAFA)
- Malaysian Employers Federation (MEF)
- Federation of Malaysian Manufacturers (FMM)
- Association of Malaysia Haulage (AMH)

JP LOGISTICS SDN BHD

- ISO 9001:2008 – Quality Management System
- ISO 14001:2004 – Environmental Management System
- OHSAS18001:2007 – Occupational Health & Safety Management System

MALAKOFF CORPORATION BERHAD

- ISO 9001:2015 – Quality Management System
- ISO 14001:2015 – Environmental Management System
- OHSAS 18001:2007 – Occupational Health and Safety Management System
- MS 1722:2011 – Occupational Health and Safety Management System
- ISO/IEC 27001:2013 – Information Security Management System

GAS MALAYSIA BERHAD

- ISO 9001:2008 – Quality Management Systems
- ISO 14001:2004 – Environmental Management Systems
- OHSAS 18001:2007 – Occupational Health and Safety Management Systems
- ISO/IEC 27001:2013 – Information Security Management Systems

ALIRAN IHSAN RESOURCES BERHAD

- ISO 9001:2008 – Quality Management System
- ISO/IEC 27001:2013 – Information Security Management System

SENAI AIRPORT TERMINAL SERVICES SDN BHD

- ISO 9001:2015 – Quality Management System
- ISO 27001:2013 – Information Security Management System
- A Member of International Ground Handling Council (IGHC)
- A Member of Malaysia Employer Federation (MEF)
- A Member of Malaysia Association for Auxiliary Police

MMC ENGINEERING SERVICES SDN BHD

- ISO 9001:2008 – Quality Management System
- OHSAS 18001:2007 – Occupational Health and Safety Management System
- Registered with Construction Industry Development Board (CIDB)
- Syarikat Taraf Bumiputera Bahagian Pembangunan Kontraktor dan Usahawan
- Suruhanjaya Perkhidmatan Air Negara (SPAN)

MMC PEMBETUNGAN LANGAT SDN BHD

- Registered with Construction Industry Development Board (CIDB)
- Suruhanjaya Perkhidmatan Air Negara (SPAN)

MMC OIL & GAS ENGINEERING SDN BHD

- ISO 9001:2008 – Quality Management System
- MSC Malaysia Status

MMC-GAMUDA JOINT VENTURE (MGJV)

- Registered with Construction Industry Development Board (CIDB)

ZELAN BERHAD

- ISO 9001:2015 – Quality Management System
- ISO 14001:2015 – Environmental Management System
- OHSAS 18001:2007 Occupational Health and Safety Management System
- A Member of Malaysian Employers Federation (MEF)
- Registered with Construction Industry Development Board (CIDB)
- A Member of Master Builders Association Malaysia (MBAM)
- Suruhanjaya Perkhidmatan Air Negara (SPAN)

SYARIKAT MENGURUS AIR BANJIR & TEROWONG (SMART)

- The Association of Highway Concessionaires Malaysia

BUSINESS AWARD

26 May 2016

JOHOR PORT BERHAD

- Awards/Recognitions** – UTM Academia Industry – Excellency Award
Award Provider – Universiti Teknologi Malaysia

25 June 2016

JOHOR PORT BERHAD

- Awards/Recognitions** – ‘Focus Recognition’ – Handling of Tallest, Heaviest Propylene Fractionator Process Column in Malaysia

- Award Provider** – PETRONAS Refinery and Petrochemical Corporation Sdn Bhd

01 October 2016

MALAKOFF CORPORATION BERHAD

- Awards/Recognitions** – Top Plant Award 2016 (Coal) – Tanjung Bin Energy Power Plant

- Award Provider** – POWER Magazine

05 October 2016

NORTHPORT (MALAYSIA) BHD

- Award Received** – Outstanding Performance Award – Port

- Award Provider** – Ministry of Transport Malaysia

07 October 2016

JOHOR PORT BERHAD

- Recognition Received** – ISO 55001:2014 – ‘Asset Management System for Primary Port Operating Assets’

- Recognition Provider** – SIRIM QAS International Sdn Bhd

13 December 2016

KONTENA NASIONAL GLOBAL LOGISTICS SDN BHD

- Award Received** – Best Logistics Management Contractor Award

- Award Provider** – PETRONAS Penapisan Melaka Sdn Bhd

ENVIRONMENT AWARD

12 March 2016

MALAKOFF CORPORATION BERHAD

- Recognition Received** – Environmental Recognition

- Recognition Provider** – Malaysian Nature Society

05 November 2016

JOHOR PORT BERHAD

- Award Received** – 1st Place – ‘Private Sector’s Building’ category

- 1st Place – ‘Factory’ category

- Award Provider** – Johor State Government

08 November 2016

PELABUHAN TANJUNG PELEPAS SDN BHD

- Award Received** – Green Port Award System

- Award Provider** – APEC Port Services Network

HUMAN CAPITAL AWARD

27 October 2016

MMC CORPORATION BERHAD

- Award Received** – Bronze Award – Employer of Choice

- Award Provider** – Malaysia Institute of Human Resource Management

STATEMENT ON CORPORATE GOVERNANCE

Sound corporate governance ensures the Company's continued high performance and integrity while retaining the trust of stakeholders. Maintaining effective corporate governance is, therefore, a key priority for the Board, and is achieved through implementing the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (the Code).

The Board is pleased to provide the following statement, which outlines the corporate governance practices that are in place and which sets out how the Company has applied the principles of the Code during the financial year ended 31 December 2016.

1. CLEAR ROLES AND RESPONSIBILITIES

a. The Responsibilities and Functions of the Board and Management

The Company is led by a Board of Directors which is responsible to the shareholders for the direction of the Company. The Board has the ultimate and overall responsibility for corporate governance and the Company's overall strategic directions and objectives, its acquisition and divestment policies, major capital expenditures and the consideration of significant financial matters. It monitors the exposure to key business risks and reviews the direction of individual business units, their annual budgets and their progress compared against agreed key performance indicators (KPIs). Apart from establishing ethical values that support a culture of integrity, fairness, trust and high performance, the Board's role is also to ensure that the Company operates successfully and sustains growth over the long term. The Board continues to carry out the principal stewardship, a responsibility which was explicitly recommended by the Code.

The Board is guided by the Board Policy Manual, apart from the Company's Constitution and Companies Act 2016, in discharging its duties effectively. The Board Policy Manual serves as guidelines for the Board and its Committees in the execution of their responsibilities.

The Board plays an important role in the development of Group policies and oversees the performance of the Management in ensuring that the businesses of the Company are properly managed. The Board's three (3) Committees comprise only Non-Executive Directors (NEDs), and as such, there is an adequate degree of independence therein. The Directors meet and actively exchange views to ensure that the Board can effectively assess the direction of the Company and the performance of its Management.

There is a distinct and clear division of responsibility between the Group Chairman and the Group Managing Director (GMD) to ensure a strict balance of power and authority. The Group Chairman, an Independent Non-Executive Director, is responsible for leading and

guiding the Board whilst maintaining the highest standard of governance. The Group Chairman also serves as the main link between the Board and Management and particularly between the Board and the GMD.

The GMD, assisted by the Senior Management, is responsible for the business and day-to-day management of the Company. In addition to that, the GMD also develops and reviews long-term strategies and vision for the Company that will lead to the creation of shareholders' value.

b. Board Policy Manual

The Board Policy Manual which was first adopted on 25 August 2005 was revised on 29 August 2013. It sets out the Board's strategic intent and outlines the following:

- a. Board's roles and functions;
- b. Board's composition, operation and processes;
- c. Division of responsibilities between the Board and Management; and
- d. Functions of the Board Committees.

It also acts as a source reference and primary induction literature to new Board members and Senior Management. The Board Policy Manual which is made available on the Company's corporate website is reviewed from time to time and updated in accordance with the needs of the Company and any new regulations that may have an impact on the roles and responsibilities of the Board.

c. Codes and Policies

• Code of Ethics

The Code of Ethics (COE) outlines MMC Group's commitment to appropriate and ethical practices. It sets out the principles, practices and standards of personal and corporate behaviour. All Directors and employees of MMC Group are required to comply with the COE. Failure to comply with COE is a serious breach and appropriate action will be taken for its non-compliance.

• Whistleblower Policy

The Whistleblower Policy of MMC Group provides an avenue for employees to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal. The identity of the whistleblower and the concerns raised are treated with utmost confidentiality.

- **Corporate Disclosure Policies and Procedures**

MMC Group Corporate Disclosure Policies and Procedures (CDPP) sets out the Company's policies and procedures for disclosure of material information as outlined in the Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad (Bursa Malaysia). The CDPP aims to ensure timely dissemination of comprehensive and accurate material information to shareholders and investors, respectively.

- **Related Party Transactions Policies and Procedures**

The Related Party Transactions Policies and Procedures outline the procedures and practices to be adhered to by the Directors and employees of MMC Group for transactions entered with related party as prescribed by the Bursa Malaysia Main Market Listing Requirements (MMLR).

- **Limits of Authority**

The Limits of Authority of MMC sets the level of control assigned to the responsible authorities in exercising their powers in the execution of various financial and non-financial business transactions.

- **Procurement Policy**

The Procurement Policy guides the procurement function of MMC Group in obtaining the best value for money through a transparent, fair and competitive manner whilst upholding the Group's business objectives.

- **Treasury Policy**

The Treasury Policy provides a framework that governs the Company's treasury activities and the sound management of treasury-related risks.

- d. **Promoting Sustainability**

MMC is committed to creating long-term shared value for our stakeholders and to securing the future of the Group by prioritising responsible management and sustainable development on the economic, environmental and social (EES) fronts. MMC's commitment towards sustainable growth is evident throughout all levels of the organisation. The Board and the Senior Management acknowledge the importance of pursuing an agenda that upholds good EES practices.

The Company's Sustainability Statement is set out in pages 56 to 63 of the annual report.

- e. **Access to Information and Advice**

Directors are given access to any information from within the Company and are free to seek independent professional advice at the Company's expense, where necessary, in the furtherance of their duties. There is an agreed procedure in place for Directors to acquire independent professional advice to ensure that the Board functions effectively.

- f. **Company Secretaries**

All Directors have access to the advice and services of the Company Secretaries whose appointment and removal is a matter for the Board. The Company Secretaries advise the Board and Management on statutory, regulatory and corporate development, the implementation of corporate governance measures and compliance as applicable to the Group.

The Company Secretaries ensure that all Board and Committees meetings are properly convened, and that accurate and proper records of the proceedings and resolution passed are properly maintained.

2. STRENGTHEN COMPOSITION

- a. **Board Balance and Composition**

The Board, comprising a total of eight (8) Directors who have been selected based on their expertise, experience, integrity and character, is chaired by Tan Sri Dato' Seri Shamsul Azhar Abbas, an Independent Non-Executive Director. In addition, 75% of the Board consists of Independent Non-Executive Directors with expertise and skills from various fields and backgrounds. Thus, there is optimum Board balance and in compliance with MMLR with regard to the composition of the Board of Directors.

The Board recognises the importance of diversity in designing its composition while taking into account the pertinent skills, knowledge and experience necessary to further enhance the composition of the Board. Diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board, through the Nomination and Remuneration Committee, will continue to consider candidates of different gender, ethnic and age with the appropriate skills, experience and characteristics are sought, as part of its selection exercise.

Although there is no written policy on gender diversity, the Board acknowledges the importance of having women representation on the Board. The appointment of Dato' Siti Halimah Ismail reaffirms the Board's commitment in supporting the country's aspiration in increasing women representation on the Board.

Overall, the Board is satisfied with the existing number and composition of the members and is of the view that the Board comprises a good mix of members with diverse academic backgrounds to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities of our businesses. The composition of the Board is such that no individual or small group of individuals can dominate the Board's decision making.

The Board places the interest of the Company above all other interests. Members of the Board have no interest or ties in the Company that could adversely affect the independence and objective judgment of the Board.

The six (6) Independent Non-Executive Directors ensure that the interests of the minority shareholders are safeguarded by providing unbiased and independent perspectives.

Furthermore, the interests of shareholders are reflected fairly by the representation of their nominees on the Board. The Group Chairman encourages healthy debate on important issues and promotes active participation by Board members.

b. Re-election

The Company's Constitution provides that all Directors should submit themselves for re-election at least once every three (3) years, in compliance with the requirements of MMLR. The Company's Constitution also provides that one-third of the Board shall retire from the office every year and shall be eligible for re-election at every Annual General Meeting (AGM). Pursuant thereto, Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob, Datuk Ooi Teik Huat and Dato' Abdul Hamid Sh Mohamed, shall retire accordingly and being eligible, will offer themselves for re-election at the Company's Forty-First AGM (41st AGM).

This affords shareholders the opportunity to review Directors' performance, thereby promoting an effective Board.

c. Board Committees

The Board has three (3) standing Committees, each operating within the defined Terms of Reference (ToR), to assist the Board in discharging its responsibilities. The ToR of all three (3) Board Committees are stipulated in the Board Policy Manual. The Company also made available the ToR of the Audit Committee and the Nomination and Remuneration Committee on the Company's website as required by the MMLR. The Executive Committee ceased to be a Board Committee with effect from 26 June 2016 in view of the change in the composition of the Committee where it is comprised exclusively of Senior Management.

The minutes of proceedings of each Committee meeting are circulated to all Board members so that all Directors are aware of the deliberations and resolutions made. Where applicable, Committees report their decisions to the Board and present their recommendations for the Board's approval.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee makes recommendations to the Board on new appointments to the Board, taking into account the size, balance and structure of the Board. It also reviews the size and composition of the Board to ensure that it consists of the best mix of talents most effective to govern the Company.

In addition, the Nomination and Remuneration Committee evaluates the Board's effectiveness and makes recommendations for improvement. The Committee solicits comments from each Board member, via a prescribed evaluation form, on how the Board, the Board's Committees and each individual Director's performance can be improved. Comments obtained from the assessment are treated with the strictest confidence and are addressed directly to the Group Chairman, who is also the Chairman of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee also assists the Board to assess the independence of its Independent Directors.

The Nomination and Remuneration Committee had, during the financial year 2016, reviewed and made recommendations on the following matters to the Board:

- Evaluation of the size, composition and effectiveness of the Board;
- Re-election of Directors at the 2016 AGM;
- Proposed Corporate KPIs;
- Proposed GMD's KPIs;
- Proposed remuneration review, annual increment and performance bonus for the employees;
- Proposed remuneration review, annual increment and performance bonus for the GMD;
- Proposed promotion recommendation of Senior Management Member;
- Proposed revised board evaluation form; and
- Succession Plan for the Senior Management of MMC Group.

Finance, Investment and Risk Committee Meeting

The establishment of the Finance, Investment and Risk Committee in 2013 is to provide an oversight of the finance, investment and risk management of the MMC Group. It will allow for an in-depth deliberation and focus on the said matters by the Committee, prior to making recommendations to the Board.

Commencing the financial year 2016, the Finance, Investment and Risk Committee is also assigned with the responsibility of overseeing the sustainability matters of the Group.

Audit Committee

Details on the Audit Committee are elaborated in the Audit Committee Report which appears on pages 102 to 104 of the annual report.

Details of the Directors' Attendance at the meetings of the Committees

The attendance of the respective members of the Board Committees are as below:

No	Name	Executive Committee ²	Audit Committee	Nomination and Remuneration Committee	Finance, Investment and Risk Committee
1.	Tan Sri Dato' Seri Shamsul Azhar Abbas	–	–	3/3	–
2.	Dato' Sri Che Khalib Mohamad Noh	N/A	N/A	N/A	N/A
3.	Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob	–	6/6	–	–
4.	Dato' Abdullah Mohd Yusof	–	6/6	3/3	6/6
5.	Datuk Mohd Sidik Shaik Osman ¹	–	–	–	–
6.	Datuk Ooi Teik Huat	–	6/6	3/3	6/6
7.	Dato' Abdul Hamid Sh Mohamed	–	5/6	–	6/6
8.	Dato' Siti Halimah Ismail	–	–	–	6/6
9.	Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar	–	–	3/3	–

¹ Retired as a Non-Independent Non-Executive Director and ceased as member of Executive Committee with effect on 1 April 2016.

² The Executive Committee ceased to be a Committee of the Board on 26 June 2016.

d. Board Meetings

The Board meets at least four (4) times every financial year. The Board meetings are scheduled in advance, typically during the third quarter of the preceding year, to allow Directors sufficient time to plan their attendance. Special Board meetings are convened between regular Board meetings, with sufficient notice, as and when necessary to consider ad-hoc matters that require expeditious deliberation and decision by the Board.

A Pre-Board meeting is customarily held prior to the Board meeting as an avenue for the Management to provide the Group Chairman with in-depth details of the papers which are scheduled to be tabled at the forthcoming Board meeting.

The agenda of the Board and Board Committees meeting is systematically sequenced based on the level of urgency of the matters, which are further categorised as matters for notation, approval or deliberation to achieve a smooth-flowing, effective and productive meeting.

The Board is supplied with quality information in a timely manner to enable the Directors to discharge their duties effectively, and due notice is given to Directors with regard to issues to be discussed. The quality and manner in which information is provided to the Board are reviewed annually as part of the Board's evaluation process.

Members of Management Team and external advisors are occasionally invited, whenever necessary, to attend the Board and Board Committees meetings to provide further clarity on matters to be considered by the Board and Board Committees to enable the Directors to make an informed decision.

The deliberations and resolutions made by the Board and Board Committees are properly recorded and minutes of proceedings of meetings are circulated to Directors for comments prior to confirmation. In addition, Directors are also notified of any announcements released to Bursa Malaysia by the Company.

A total of eight (8) Board meetings were held during the financial year ended 31 December 2016.

Pursuant to the MMLR, all current Directors have complied with the requirement of at least fifty percent (50%) attendance of Board meetings held during the financial year under review.

Set out below is the attendance record of Directors, in respect of the Board meetings held during the financial year ended 2016:-

No	Name	Board	Percentage (%)
1.	Tan Sri Dato' Seri Shamsul Azhar Abbas	8/8	100
2.	Dato' Sri Che Khalib Mohamad Noh	8/8	100
3.	Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob	6/8	75
4.	Dato' Abdullah Mohd Yusof	8/8	100
5.	Datuk Mohd Sidik Shaik Osman ¹	1/8	N/A
6.	Datuk Ooi Teik Huat	7/8	87.5
7.	Dato' Abdul Hamid Sh Mohamed	7/8	87.5
8.	Dato' Siti Halimah Ismail	8/8	100
9.	Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar	7/8	87.5

¹ Retired as a Non-Independent Non-Executive Director on 1 April 2016.

e. Board of Directors Annual Assessment Exercise

The Board on an annual basis will undertake the assessment exercise to evaluate the performance of the Board, Board Committees as well as the performance of individual Directors.

The assessment exercise is facilitated by the Group Corporate Secretarial Department whereby a questionnaire covering various aspects such as Board's structure, Board's operation & interaction, contribution to interaction, understanding of role, etc. will be distributed to the Directors.

The questionnaire is designed to identify and recognise the strength of the Board, collectively and individually. It is also used as a tool to identify areas for improvement.

The Group Corporate Secretarial Department will compile and collate the findings of the assessment, and a report will be tabled to the Nomination and Remuneration Committee for deliberation. Findings from the Board and Board Committees Evaluation will then be discussed and agreed upon by the Board collectively. Such findings will also form the basis for next year's evaluation.

The findings of the evaluation for individual Directors will also be used as a basis for determining the re-appointment of Directors at the AGM of the Company.

f. Directors' Remuneration

- **The Level and Make-up of Remuneration**

The Board, as a whole, reviews the level of remuneration of Directors to ensure that it is sufficient to attract and retain the Directors needed to lead the Company to success. The level of remuneration reflects the experience and level of responsibilities undertaken by the Directors.

- **Procedure**

The Board, through its Nomination and Remuneration Committee, annually reviews the performance of the Executive Director as a prelude to determining the Executive Director's annual remuneration, bonus and other benefits. In discharging this duty, the Nomination and Remuneration Committee evaluates the Executive Director's performance against the pre-determined objectives set by the Board, thereby linking the remuneration to performance. The remuneration of the NEDs is reviewed by the Board as a whole, to ensure that it is aligned to market and to their duties and responsibilities.

- **Disclosure**

The remuneration payable to the NEDs are approved by shareholders at the AGM based on the recommendation of the Board. The aggregate remuneration of the Directors categorised into the appropriate components is enumerated in Note 7(ii) of the Audited Financial Statements on page 52 of the Financial Report 2016.

The remuneration paid to the Directors within bands of RM50,000 is as follows:

Amount of Remuneration	Group		Company	
	Number of Executive Directors	Number of Non-Executive Directors	Number of Executive Directors	Number of Non-Executive Directors
Below RM50,000	–	**1	–	**1
RM100,001 to RM150,000	–	2	–	2
RM150,001 to RM200,000	–	1	–	1
RM200,001 to RM250,000	–	1	–	2
RM250,001 to RM300,000	–	1	–	1
RM300,001 to RM350,000	–	*1	–	–
RM700,001 to RM750,000	–	–	–	1
RM1,400,001 to RM1,450,000	–	*1	–	–
RM4,850,001 to RM4,900,000	–	–	1	–
RM5,000,001 to RM5,050,000	1	–	–	–

* Two (2) out of the eight (8) NEDs received their remuneration from subsidiaries in their capacity as MMC's Nominee Director in the subsidiaries. Further details are enumerated in Note 7(ii) of the Audited Financial Statements on page 52 of the Financial Report 2016.

** Datuk Mohd Sidik Shaik Osman retired as a Non-Independent Non-Executive Director.

3. REINFORCE INDEPENDENCE

a. Roles of the Group Chairman and GMD

The roles of the Group Chairman and the GMD of the Company do not vest in the same person. The Group Chairman is responsible for ensuring the Board's effectiveness and conduct, whilst the GMD has the overall responsibility for the business and day-to-day management of the Company with all powers, and delegations properly authorised, from time to time, by the Board. The GMD is also responsible for the implementation of the Board's policies and decisions. The Board approves the Company's KPIs and together with the GMD, develops his roles and responsibilities with authority limits. The Board, through the Nomination and Remuneration Committee, evaluates the performance of the GMD against the approved KPIs annually. Regular review of the division of responsibilities is also conducted by the Board to ensure that the needs of the Company are consistently met.

b. Assessment and Tenure of Independent Directors

Currently, six (6) out of eight (8) Board members are Independent Directors, who are able to exercise independent judgment on issues of strategy, performance and resources of the Group. They provide unbiased and independent views, and the presence of these Independent Directors fulfills a pivotal role of corporate accountability. The Board, through the Nomination and Remuneration Committee, assesses the independence of each Independent Director.

The Board has considered the independence of each Independent Directors through the Board of Directors Annual Assessment Exercise. The Board is satisfied with the level of independence demonstrated by all Independent Non-Executive Directors as none of the Independent Directors had any interest or relationship that could reasonably be perceived to materially interfere with the independent exercise of their judgment. Materiality is assessed on a case-to-case basis by the Board, and each Director is required to regularly disclose to the Board all information that may be relevant to this assessment, including their interests in contracts and other directorships held.

The Code requires an Independent Director who has served the Board for a period of nine (9) years cumulatively, to be re-designated as a Non-Independent Director. However, subject to the assessment of the Nomination and Remuneration Committee and shareholders' approval in a general meeting, the Independent Director may remain as an Independent Director after serving in that capacity for more than nine (9) years.

Dato' Abdullah Mohd Yusof and Datuk Ooi Teik Huat have served the Board as Independent Directors for more than nine (9) years cumulatively. In this regard, the Board has determined that the independence of both Dato' Abdullah Mohd Yusof and Datuk Ooi Teik Huat are measured by their conduct and state of minds, as well as their ability to exercise independent judgment and act in the best interest of the Company.

The length of time is not the sole determinant of their credibility as Independent Directors. Dato' Abdullah Mohd Yusof and Datuk Ooi Teik Huat continue to bring invaluable integrity, wisdom and experience to the Board and contribute positively to Board and Committees' deliberation. Resolutions on the continuation of Dato' Abdullah Mohd Yusof and Datuk Ooi Teik Huat as Independent Directors together with its justifications will be tabled at the forthcoming 41st AGM for shareholders' approval.

c. Senior Independent Director

Dato' Abdullah Mohd Yusof will continue to act as the Company's Senior Independent Director. Any concerns pertaining to the Group may be conveyed by the shareholders and other stakeholders to the attention of the Senior Independent Director.

4. FOSTER COMMITMENT

a. Time Commitment

All Directors have devoted sufficient time and fully committed themselves to drive the Company and undertake the continuous development of skills to enable the fulfillment of their responsibilities to the Company.

All Directors are required to notify the Group Chairman before accepting new directorships. The notification will include an indication of the time that will be spent on the new appointments to ensure that the Directors have sufficient time to discharge their duties to the Board and the various committees on which they serve.

All Directors have complied with the provision of Paragraph 15.06 of the MMLR of not holding more than five (5) directorship in listed companies.

b. Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Malaysia.

The Board is aware of the importance of continuous training for the Directors to enable them to effectively discharge their duties. The Board will continuously evaluate and determine the training needs of the Directors. All Directors are encouraged to attend continuous education programmes and seminars to keep abreast of the current developments and business environment affecting their roles and responsibilities.

The Group Corporate Secretarial Department facilitates and coordinates internal and external training programmes which are beneficial in aiding the Directors in discharging their duties and responsibilities effectively.

During the financial year under review, all Directors attended more than one (1) training session, either organised internally by the Company or externally, as follows:

Directors	Titles
Tan Sri Dato' Seri Shamsul Azhar Abbas	<ul style="list-style-type: none"> • Updates on the Companies Bill and Identifying Red Flags in Financial Statements • The Essence of Independence • Sustainability Engagement Series 2016
Dato' Sri Che Khalib Mohamad Noh	<ul style="list-style-type: none"> • Speaking Engagement – Customer Experience: Lesson Learned from the World's Most Admired Organisation • Competition Law Talk
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Wan Yaacob	<ul style="list-style-type: none"> • Whistleblowing and Cyber Fraud • Sustainability Engagement Series 2016 • How Effective Boards Engage on Succession Planning for the Chief Executive Officer and Top Management • Competition Law Talk • Governance in Taxation and Budget 2017
Dato' Abdullah Mohd Yusof	<ul style="list-style-type: none"> • Audit Committee Workshop C: Related Party Transaction and Conflict of Interest Situations • Audit Committee Workshop H: Engaging with, and Assessing the External Auditors • Competition Law Talk • Fraud Risk Management

Directors	Titles
Datuk Ooi Teik Huat	<ul style="list-style-type: none"> • How to Build or Burn Trust in an Organisation – A Conversation with Andrew Fastow • Competition Law Talk • Financial Outlook 2017 • The Institute of Internal Auditors Malaysia National Conference 2016 – Value of Internal Audit in an Organisation • Companies Act 2016 and Its Implication to Directors
Dato' Abdul Hamid Sh Mohamed	<ul style="list-style-type: none"> • Companies Bill • The Essence of Independence • Industry Training on Logistics and e-Commerce • Competition Law Talk • The Institute of Internal Auditors Malaysia National Conference 2016 – Value of Internal Audit in an Organisation • Related Party Transactions – Their Implications to the Board of Directors, Audit Committee and Management
Dato' Siti Halimah Ismail	<ul style="list-style-type: none"> • Comprehending Financial Statement for Directors and Senior Management • Corporate Governance (CG) Breakfast Series for Directors: Improving Board Risk Oversight Effectiveness • CG Breakfast Series for Directors: Future of Auditor Reporting – The Game Changer for Boardroom • Ring the Bell for Gender Equality • Sustainability Engagement Series for Directors and Chief Executive Officers • Malaysian Institute of Corporate Governance 2nd Members' Breakfast Talk - Achieving Higher Performance : Leveraging Governance Practices • Governance Symposium 2016: Driving Public–Private Governance Forward • Related Party Transactions Seminar 2016 • Governance in Taxation and Budget 2017 • CG Breakfast Series for Directors: Anti-Corruption & Integrity – Foundation of Corporate Sustainability
Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar	<ul style="list-style-type: none"> • Speaking Engagement – Communication: Breaking the Mould of Traditional Communication • Latest Updates on Directors' Remuneration • Competition Law Talk

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

a. Financial Reporting

The Board subscribes to the philosophy of transparent, fair, reliable and easily comprehensible reporting to stakeholders. The Board acknowledges and accepts full responsibility for preparing a balanced and comprehensive assessment of the Group's operations and prospects, each time it releases its quarterly and annual Audited Financial Statements to shareholders. The Audit Committee will assist the Board to review and scrutinise the financial statements and information for disclosure to ensure that the Company's financial statements comply with applicable financial reporting standards.

In preparing the year under review's financial statements, the Directors have:

- used appropriate accounting policies and applied them consistently;
- ensured that all the requirements of Malaysian Accounting Standards Board's approved accounting standards have been followed; and

- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

b. Internal Control

The Board is responsible for reviewing the adequacy and integrity of the Company's internal control system. The Board ensures that the Company has appropriate policies and procedures, a risk management system, financial authority limits, as well as an internal audit to safeguard the shareholders' investment and the Company's assets. The Board reviews the effectiveness of the system of internal controls through the Finance, Investment and Risk Committee and Audit Committee, which oversees the work of the Group Internal Audit and comments made by the External Auditors in their management letter and internal audit reports.

The Statement on Risk Management and Internal Control is set out on pages 99 to 101 of the annual report.

c. Relationship with External Auditors

The Board, on its own and through the Audit Committee, has a formal and transparent arrangement for maintaining an appropriate relationship with the Company's Auditors. The Audit Committee seeks regular assurance on the effectiveness of the internal control system through an independent appraisal by the auditors. Liaison and unrestricted communication exist between the Audit Committee and the External Auditors.

During the financial year under review, a total of two (2) private sessions, in the absence of the Management, were held between the Audit Committee and External Auditors to transparently exchange views on sensitive and confidential matters.

The Audit Committee reviews the proposed re-appointment of the External Auditors of Company and their fees to ensure that the independence of the External Auditors is not compromised. All the non-audit service to be provided by External Auditors must be approved by the Group Chief Financial Officer or GMD (based on the approved Limits of Authority) or the Board.

6. RECOGNISE AND MANAGE RISKS

a. Risk Management Framework

The main features of the Company's risk management framework and internal control systems are disclosed in the Statement on Risk Management and Internal Control which appears on pages 99 to 101 of the annual report.

b. Internal Audit Function

The internal audit activities of the Company undertaken during the year under review is elaborated in the Audit Committee report which appears on pages 102 to 104 of the annual report.

7. TIMELY AND HIGH QUALITY DISCLOSURE

The Company's website continues to be an integral source of information for investors and is updated constantly to incorporate the latest news about MMC.

8. STRENGTHENING RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

a. Annual General Meeting

The Company values feedback from its shareholders and encourages them to actively participate in discussions and deliberations. AGMs are held each year to consider the ordinary business of the Company and any other special business. Each item of special business included in the notice is accompanied by an explanation of the effects of the proposed resolution.

In compliance with the MMLR, all resolutions tabled at the 41st AGM will be voted by poll, and an announcement will be made on the detailed results of the poll showing the number of votes cast for and against each other.

The GMD presents the highlights of the MMC Group's financial performance and business operations overview of the Company for the preceding financial year, during the AGMs, to deepen the shareholders' understanding of the Company's state of affairs.

During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Group Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

b. Dialogue between the Company and Investors

The Company continues to meet with research analysts, fund managers, members of the media/business editors and institutional investors, from both the local and international investment community. Last year, MMC participated in investor conferences to provide updates on the latest developments within the Group.

MMC's objective is to give investors the best information possible so that they can accurately apply it to evaluate the Company. Relationships with the investment community are built on integrity, qualitative and timely information and Management's ability to perform and deliver effectively. Communication is a two-way process whereby we seek to understand the attitudes of investors towards the Company and relay this feedback to Management for any follow-up action.

The statement has been approved by the Board of Directors at its meeting on 28 February 2017.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors is pleased to present the Statement on Risk Management and Internal Control ("the Statement") for MMC Corporation Berhad for the Financial Year ended 31 December 2016.

BOARD RESPONSIBILITY

The Board of Directors ("Board") has the overall responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders' investments, the Group's assets and other stakeholders' interests.

The Board reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system. This is to ensure that significant risks faced by the Group are being managed appropriately to respond to changes in the business environment. There are two committees at the Board level that have the primary risk management and internal control oversight responsibilities:

- The Finance, Investment and Risk Committee ("FIRC") – oversight over risk management.
- The Audit Committee ("AC") – oversight on governance, internal control system and financial matters.

RISK MANAGEMENT

The Board acknowledges that the risk management and internal control systems are designed to manage, rather than eliminate risks that hinder the Group from achieving its goals and objectives. Risk management encompasses the identification, analysis, evaluation, treatment, communication, review and monitoring of the risks in relation to the identified business objectives.

Risk Management Framework

The Group is guided by the Enterprise Risk Management Policy and Framework ("Framework"), which is aligned to the ISO 31000 "Risk Management - Principles and Guidelines". The Framework identifies the necessary resources to ensure that risk management is embedded in the Group's practices and processes.

Our policy is to identify, evaluate and mitigate the risks to protect the Group from financial losses, uncertainty and lost opportunities.

All risks relevant to the achievement of business objectives are evaluated. The relevant controls, action plans and Risk Owners are also identified. Each risk is rated according to its severity level depending on its likelihood and impact.

Monitoring and Review

The objective of monitoring and reviewing the risk management process is to provide assurance that risks are being managed effectively. Formal reporting has been instituted at the departmental, corporate and Board levels (including the Operating Companies Board) and contain the significant risks identified by the business during the period.

Risk Reporting

The Group risk profiles were reported and reviewed on a quarterly basis by the Risk Management Department. The Quarterly Group Risk Management Reports are discussed and deliberated at MMC's Risk Management Committee (RMC) chaired by the Group Managing Director (GMD). The reports are subsequently tabled to the Finance, Investment and Risk Committee (FIRC) for deliberation and recommendation to the Board on the identified risks, current controls and the mitigation actions taken. The reports are later submitted to the Board for notation on the updates on the identified risks.

At the operating companies level, their risk reports are deliberated by their respective risk management committees or management committees. Subsequently the risk report is tabled to their respective Audit Committees and/or Boards.

Risk Management and Reporting Application System

The Group risk profiles are monitored through the Q-Radar ERM System, an online monitoring and database system for risk management. For the year under review, the system has been successfully implemented throughout the Group including newly acquired companies. The system enables online real-time monitoring of risk management activities and record risk profiles for the Group.

INTERNAL CONTROL SYSTEM

The system of internal controls is designed to provide reasonable assurance against the occurrence of any event that could prevent the achievement of business objectives. The key components of internal control encompasses the following key control processes:-

Establishment of Various Committees

Various Board Committees and Management Committees have been established to assist the Board in discharging its duties. Among the committees are:-

Board Level

- Audit Committee
- Financial, Investment and Risk Committee
- Nomination and Remuneration Committee

Management Level

- Management Committee
- Risk Management Committee
- Project Management Committee
- Foreign Exchange Committee

Organisational Structure

The internal control of the Group is supported by a formal organisational structure with clear lines of authority and responsibility. Qualified and experienced management personnel have been appointed to oversee the operating companies to deliver the Group objectives.

Limits of Authority

The Limits of Authority ("LOA") identify the various persons/authorities responsible for various business transactions including matters that require Board approval. It sets out a clear line of accountability and responsibility of the persons/authorities to facilitate decision making and approval at the appropriate level in the organisation's hierarchy.

Business Plan and Budget

The Group established a process requiring all operating companies to prepare annual business plans and budgets which are recommended by management and challenged and approved by their respective Boards. The business plans and budgets are then consolidated for the holding company's Board deliberation and approval.

Strategy and Budget Challenge

The Group's strategic directions and budgets for the new year are formulated and revised annually taking into account changes in the internal and external environment and business risks faced. The strategic directions and budgets are also reviewed annually during Strategy and Budget Challenge with the Board and at reasonable intervals during implementation by the management.

Quarterly Performance Reviews

The Group performance is reviewed and monitored on a quarterly basis against the business plans and budgets approved by the Board. The report covers all key financial and operational indicators as well as key strategic initiatives undertaken by the companies during the year.

These are also discussed at the subsidiaries' Board meetings to ensure performance targets of these companies' objectives are met.

Joint Ventures and Associates

The Group ensures that investments and interests in material joint ventures and/or associates, are protected by having board representation at the respective joint ventures and/or associates. The management of the joint ventures/associates is also responsible to oversee the operation and performance of the joint venture and/or associates. Financial and operational information of these joint ventures/associates are provided regularly to the Management of the Group.

Group Internal Audit

The Group Internal Audit Department provides independent assurance on the existence, adequacy and effectiveness of the governance, risk management and control processes to achieve the Company objectives.

Policies and Procedures

Relevant policies and procedures have been approved by the Board and relevant authorities to ensure Group values and good control mechanisms are embedded in business operations. Periodic review is done to ensure relevance and effectiveness. The Group policy and guidelines formulated and implemented for the year under review are MMC Health, Safety and Environment Policy Statement, MMC Group Procurement Policy, MMC Procurement Code of Conduct and Vendor Code of Conduct.

Whistle Blowing

A Whistleblow Policy is available and a whistleblower channel is provided for all employees and third parties to disclose improper conduct. This Policy also accords protection to whistleblowers from detrimental action.

Business Continuity Management Systems (BCMS)

The Company has implemented a Business Continuity Management System which is aligned to the ISO 22301 "Societal security – Business Continuity Management Systems (BCMS) – Requirements" standard to ensure organisation resilience.

For the year under review, most core Operating Companies in the Group have completed the implementation of BCMS at their respective companies. Several drills have also been conducted by the companies and Head Office to confirm that the BCMS programme meets the objectives set in the policy and that the organisation's Business Continuity Plan (BCP) is fit for purpose.

As part of the continual improvement to the system, changes are made to the BCP where necessary and appropriate based on the results of the exercises conducted.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:

- Quarterly reviews on the Group's actual financial and operational performance versus planned performance and other key financial and operational performance indicators.
- Review of specific transactions, projects or opportunities are also discussed between the Management and the Board as and when required. This allows the Board and the Management to manage potential risks.
- The Group's Risk Management Report is presented quarterly to the FIRC by the Risk Management Department to provide an overview of the Group's key risks and how they are being addressed. It also includes the summary report on Health, Safety and Environment of the Group. The report is also presented to the Board. The Board notes and provides its views which are then communicated to the respective risk owners by the Risk Management Department.
- The AC deliberates and discusses reports issued by the Group Internal Audit and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issues discussed are also updated to the AC to enable monitoring of the actions.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS

The risk management and internal control described above have been implemented in the Group for the year under review and up to the date of the approval of this statement for inclusion in the annual report.

In making this statement, the Board has received assurance from the GMD, Group Chief Financial Officer and Head of Risk Management that risk management and internal controls are operating adequately and effectively in all material aspects for the reporting period.

Group Internal Audit has also provided assurance on the governance, risk management and controls of the entities audited during the year.

For the financial year under review, the Board is of the opinion that the risk management and internal control are adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of MMC.

There was no major internal control weakness identified during the year under review that may result in any material loss or uncertainty that would require disclosure in this annual report.

As for newly acquired companies, a review of the internal control and risk management system is currently on going to ensure that risks are managed and controls are put in place arising from the review. Risk management and control practices are to be harmonised and standardised in accordance with the Group's Policies and Procedures.

This statement has been prepared in line with the Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control Guidance for Directors of Listed Issuers.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. They have reported to the Board under Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants that nothing has come to their attention that causes them to believe that the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of Statement on Risk Management and Internal Control Guidelines, nor is the Statement factually inaccurate.

The Statement has been approved by the Board of Directors at its meeting on 28 February 2017.

AUDIT COMMITTEE REPORT

The Audit Committee (AC) provides critical oversight of the Group financial reporting process; monitoring the external and internal auditing processes; compliance with relevant legal and statutory matters and other matters delegated by the Board to the AC through its approved Terms of Reference.

AUDIT COMMITTEE COMPOSITION AND MEETINGS HELD

The AC composition, type of directorship and attendance of meetings held in financial year ended 31 December 2016 are set out below.

No	Name	Directorship	No. of Meetings Attended
1	Dato' Abdullah Mohd Yusof (Chairman)	Senior Independent Non-Executive Director	6/6
2	Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman Haji Wan Yaacob (Member)	Non Independent Non-Executive Director	6/6
3	Datuk Ooi Teik Huat (Member)	Independent Non-Executive Director	6/6
4	Dato' Abdul Hamid Sh Mohamed (member)	Independent Non-Executive Director	5/6

The composition of the AC is in line with Paragraph 15.09 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), where;

- All AC members are Non-Executive Directors and a majority of them are Independent Non-Executive Directors, including the Chairman.
- No alternate director is appointed as a member.
- At least one member Datuk Ooi Teik Huat is an MIA member and fulfils the requirement of paragraph 15.09(1)(c) (i) of the MMLR.

Dato' Abdullah has exceeded the limit of tenure of an Independent Director (cumulative of nine years). Applying Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Dato' Abdullah has sought and obtained approval to remain as an Independent Director from MMC Corporation Berhad's shareholders at last year's Annual General Meeting. He will be seeking approval to continue as an Independent Director in the Annual General Meeting to be held on 11 May 2017.

The meetings are normally attended by the Group Managing Director, Chief Financial Officer, Chief Internal Auditor and upon invitation the External Auditors. Four (4) of the meetings held were planned quarterly meetings while two (2) were Special AC meetings.

The Company Secretary acts as secretary to the AC. Minutes of each meeting are distributed to each board member. The Chairman of the AC reports key matters discussed at each meeting to the Board.

The Terms of Reference of the Audit Committee are contained in the Board Charter which is included in the Company's website.

SUMMARY OF WORK DONE BY AUDIT COMMITTEE

During the financial year, the AC performed the following:

Financial Reporting & Compliance

- Reviewed the quarterly financial results of the Company and the Group on 22 February, 23 May, 24 August and 21 November 2016 prior to recommending them to the Board for approval. The matters reviewed and discussed were:
 - Financial and operational performance, and financial statements.
 - Budget achievement, reasons for the variances and efforts to meet targets.
 - Internal and external matters impacting financial and operational performance, and the actions to be taken.
- Reviewed quarterly announcements prior to recommendation to Board for approval to ensure that the announcements reflect the situation and is representative of their views.
- Reviewed the annual financial statements and operational performance on 24 February 2017 and its suitability to be recommended to the Board for approval.

External Audit

- Reviewed and recommended to the Board the External Auditors' quarterly reports and year-end financial statement on significant matters on 22 February, 23 May, 25 August, 21 November 2016 and 24 February 2017 respectively, covering amongst others, the assessment of the following:
 - Changes in or implementation of major accounting policy changes.
 - The new External Auditors report incorporating Key Audit Matters.
 - Significant matters relating to provisions, legal and contracts, value of investments and tax matters; compliance with accounting standards and legal requirements; and Summary of Uncorrected Misstatements.
- Reviewed and recommended to the Board the External Auditors' 2016 Audit Plan on 24 August 2016, which detailed the terms of engagement for statutory audit, independence of the external audit team, audit approach, and areas of audit emphasis, risk assessment, reporting timeline as well as development in laws and regulations, and changes in regulatory requirements, and in particular:
 - Malaysian Financial Reporting Standards, (MFRS) Amendments and IC Interpretations effective implementation dates
 - Amendment to Independent Auditors Report under New Auditor Reporting Standards including describing Key Audit Matters
 - Amendments to Bursa Malaysia Main Market Listing Requirements relating Disclosure and Corporate Governance Requirements.
- Reviewed the External Auditors' fees and requested management to negotiate the fees further and make the necessary recommendation to the AC, prior to recommending it to the Board for approval.
- Held 2 discussions with the External Auditors without the presence of management to ensure an adequate level of cooperation between the External Auditors and management.
- Obtained written assurance from the External Auditors that they are independent according to the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

Internal Audit

- Reviewed and approved the Annual Internal Audit Plan for 2017, to ensure the adequacy of scope, functions, competency and resources and that it has the necessary authority to carry out its work.
- Reviewed and deliberated on the planned and ad hoc internal audit reports issued and the adequacy of management response and actions to address control deficiencies.
- Reviewed quarterly updates on the progress of the Annual Internal Audit Plan 2016, revision to the Plan, status of corrective actions on whether appropriate actions are taken on the recommendations of Group Internal Audit, and results of Customer and Audit Committee Satisfaction Surveys to improve internal audit services.
- Reviewed the initiatives carried out by Group Internal Audit for the Group to promote collaboration, harmonisation, standardisation and competencies in internal auditing.

Others

- Reviewed related party transactions for transactions relating to ordinary shares acquisition on 29 June and 31 October 2016, and land divestment on 23 May 2016. Reports by independent consultants were reviewed on the valuation of shares and land to ensure that the prices of the acquisition and divestment are fair, at arms-length, and in the Company's interests.
- Reviewed and recommended to the Board, the Annual Reports for 2016, the Statement on Risk Management and Internal Control, and Audit Committee Report.

There was no employee share option scheme for the AC to review and verify.

SUMMARY OF WORK DONE BY GROUP INTERNAL AUDIT

Group Internal Audit

- Group Internal Audit (GIA) has an independent status in the organisation, with direct reporting to the Audit Committee and an administrative reporting the Group Managing Director.
- GIA's purpose, objectives, authority and responsibilities are spelt out in the Group Internal Audit Charter which is approved by the AC.
- GIA's mission is to provide independent and objective assurance on governance, risk management and control systems reviewed that will improve and add value to the Company and Group.
- The Company is a corporate member of The Institute of Internal Auditors.

- Updates are obtained on the developments in the internal audit profession and staff are sent for internal audit training to enable them to be competent auditors.
- The standards and practices adopted by GIA are aligned to the International Professional Practices Framework issued by The Institute of Internal Auditors.
- GIA is committed to providing independent and objective assurance on governance, risk management and control processes according to the International Professional Practices Framework on Internal Auditing.
- The Chief Internal Auditor is a Certified Internal Auditor and also has the Certification in Risk Management Assurance from The Institute of Internal Auditors.
- There were 10 staff in GIA during the financial year.
- The total amount incurred by GIA during the financial year is RM2.6 million.
- Quarterly updates on staff movement and recruitment were provided to the AC to enable the assessment of the adequacy of the competencies, skills and resources to provide adequate assurance on the governance, risk management and controls of the entities audited.
- Customer Satisfaction Survey and Audit Committee Satisfaction Survey were conducted and the results were presented to the AC for their information and assessment of the services provided.

Group Support Services

- Held meetings with Heads of Internal Audit of the Group for knowledge sharing and collaboration of internal audit assignments within the Group.
 - Presented the Whistleblowing Policy to new staff in the Group as a part of orientation program.
 - Provided assistance to subsidiary companies for the appointment of an outsourced service provider to review the asset, liabilities and operations of new acquired companies.
 - Provided guidance to newly acquired subsidiaries and existing subsidiary to draw up, standardise and harmonise Internal Audit Charter, Internal Audit Rating Systems and Internal Audit Reports.
 - Internal Controls & Group Internal Audit Awareness sessions were held to raise control consciousness in the Group.
 - Provided oversight/guidance/assistance to internal audit functions on audit planning, report review and draft annual Internal Audit Plan for 2017.
- The report has been approved by the Board of Directors at its meeting on 28 February 2017.
- Group Internal Audit prepared a risk based Annual Internal Audit Plan 2016 for the Company and a Consolidated Annual Audit Plan for the Group. The Plan was reviewed by the AC and approved for implementation.
 - Quarterly updates were prepared for the AC detailing the status of the 2016 Plan on the assignment completed, in progress and outstanding. Revisions were made to the Plan due to changes in risk and operational requirements and the AC was also updated on them.
 - A total of 28 planned and ad hoc assignments were completed covering the areas of control environment, risk management, procurement, project implementation & contract management, maintenance, revenue assurance, and human resource management.
 - Follow-up audits were also performed to monitor and assess the closure of governance, risk management and control matters reported earlier.
 - Internal Audit Reports were presented to the respective AC of the Company, subsidiary and associate or Board for the audits conducted by GIA.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised from corporate proposals.

STATUTORY AUDIT, AUDIT-RELATED AND NON-AUDIT FEES

The details of the statutory audit, audit-related and non-audit fees paid/payable to Messrs. PricewaterhouseCoopers for services rendered to the Company and the Group for the financial year ended 31 December 2016, are as follows:

	Group RM' 000	Company RM' 000
Statutory Audit Fees	790	387
Audit-Related Fees ¹	355	309
Non-Audit Fees ²	215	215

¹ Fees incurred in relation to the performance of quarterly reviews

² Fees incurred primarily in relation to advisory services

MATERIAL CONTRACTS

During the financial year, the following material contract were entered into by the Company involving the interest of the Major Shareholder:

- **Share Sale and Purchase Agreement dated 5 August 2016 (SSA)**

Agreement for the sale and purchase of shares between Seaport Terminal (Johore) Sdn Bhd (STJSB) and MMC Corporation Berhad (MMC) dated 5 August 2016 for MMC to acquire 49.0% of the ordinary share capital in Penang Port Sdn Bhd comprising 35,990,501 ordinary shares of RM1.00 each, from STJSB for a cash consideration of RM200.0 million (Acquisition). The Acquisition was financed through internally generated funds. The Acquisition has been completed on 27 March 2017.

STJSB is a Major Shareholder of MMC.

STJSB is a wholly-owned subsidiary of Indra Cita Sdn Bhd and Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor is deemed interested in MMC through his shareholdings in Indra Cita Sdn Bhd.

- **Share Sale and Purchase Agreement dated 13 January 2017 (SPA)**

Agreement for the sale and purchase of shares between Seaport Management Services Sdn Bhd (SMSSB) and MMC dated 13 January 2017 for MMC to acquire 7,000 ordinary shares of RM1.00 each representing 70.0% ordinary equity interest, and 4,990,000 irredeemable convertible cumulative preference shares of RM1.00 each, in KMB Seaport Sdn Bhd, from SMSSB for a cash consideration of RM21.0 million (Proposed Acquisition). The Proposed Acquisition is expected to be completed in the first half of 2017 in accordance with the terms and conditions of the SPA.

SMSSB is a wholly-owned subsidiary of STJSB, a Major Shareholder of MMC.

STJSB is a wholly-owned subsidiary of Indra Cita Sdn Bhd and Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor is deemed interested in MMC through his shareholdings in Indra Cita Sdn Bhd.

CONTRACTS RELATING TO LOAN

There were no contracts relating to loans by the Company involving Directors and Major Shareholders.

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