

BOARD DIVERSITY POLICY

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1. Introduction

This Policy aims to set out the principles of Malakoff Corporation Berhad (“Malakoff”) to maintain a Board with a diversity of directors.

2. Principle and Objective

- 2.1 The Malaysian Code on Corporate Governance 2012, Recommendation 2.2, stipulates for the board of directors establish a policy formalizing its approach to boardroom diversity. The board of directors through its Board Nomination and Remuneration Committee should take steps to ensure that women candidates are sought as part of its recruitment exercise. The board of directors should explicitly disclose in the annual report its gender diversity policies and targets and the measures taken to meet those targets.
- 2.2 The Board diversity is an essential measure of good governance. It is critical attribute of a well-functioning board and contributing to the sustainable development of the Company. It enhances decision-making capability and a diverse board is more effective in dealing with organizational changes as well as Diversified views enhance Board discussions and ensure that the decisions made by the Board have been considered from all points of view. The Board acknowledges that diversity presents itself in a number of forms, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge.
- 2.3 In applying this Policy, we recognize that some directors are appointed by shareholders, not the Board or the Company. The right to appoint directors is one of the most important rights exercisable by shareholders and is not sought to be restricted by this Policy. Merit and competence to serve the Board and hence shareholders remains the first priority.
- 2.4. The objectives of this Policy are to have a Board which:
 - a) is characterized by a broad range of viewpoints rather than just diversity in skills and experience; diversity in viewpoints would exist if there is diversity in gender, nationality, age, culture and socio-economic backgrounds;
 - b) has sustainable development as its core value, and thus promotes the interests of all our stakeholders, particularly the long term interests of our shareholders, fairly and effectively.

3. Scope

The Board considers that the concept of diversity incorporates a number of different aspects, such as professional experiences, business experiences, skills, knowledge, gender, age, ethnicity and educational background.

3.1 *Independence*

The Board includes a balanced composition of Executive, Non-executive Directors and Independent Non-executive Directors so that there is a strong element of independence in the Board. The Independent Non-executive Directors shall be of sufficient caliber and standing for their views to carry weight.

3.2 *Skills and Experience*

The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, legal, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities including varied industries, education, government, banking, investment and the professions.

3.3 *Gender*

The Board also takes cognizant of the recommendation of the Malaysian Government to have at least 30% women as decision makers in corporate sector as promulgated by the Cabinet in 2011. This has then been highlighted again in the Corporate Governance Blueprint 2011 – Towards Excellence in Corporate Governance issued by the Securities Commission, Malaysia which stipulates a goal for women participation on boards to reach 30% by 2016. The Board will take the necessary measures to attract women participation on the Board.

3.4 *Ethnicity*

The Board recognises that as today's world becomes increasingly global in its outlook and as the marketplace becomes increasingly global in nature, ethnic diversity in the boardroom would be encouraged as it provides advantages that can help a company prosper inclusive but not limited to sharing of knowledge in different markets to enhance the Group's global presence as well as sharing of viewpoints by Directors from different ethnic background as when a variety of viewpoints are thrown into the problem-solving mix, new and innovative solutions can be reached.

3.5 *Age*

The Board acknowledges the benefits of having a diversity in the boardroom in terms of age demographics, which would create professional environments that are rich with experience and maturity as well as youthful exuberance. The Board with a wide range of age has the advantage of creating a dynamic, multi-generational workforce with a diverse range of skill sets that are beneficial to the Company.

4. Measurable objectives

The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. The Board would take into consideration the following measures:

a) Gender diversity

The Company does not set any specific target for female directors in the Board but will work towards having more female directors on the Board, if the opportunity arises.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board in order to attract and retain women participation on the Board.

b) Age diversity

The Company does not set any specific target for the boardroom age diversity but will work towards having appropriate age diversity in the Board, if the opportunity arises.

The Company does not fix age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company. The Board is fully committed to promoting age diversity, valuing the contribution of its members regardless of age, and seek to eliminate age stereotyping and discrimination on age.

c) Ethnic diversity

The Company does not set any specific target for ethnic diversity in the boardroom but will work towards having appropriate ethnic diversity in the Board, if the opportunity arises.

The BNRC is responsible in ensuring that boardroom diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

5. Monitoring and reporting

5.1 Pursuant to the Term of Reference of the Nomination Committee (“BNRC”), the Nomination Committee is (among other things) responsible for:

- to develop a policy formalizing its approach on diversity obligations
- to develop, review and recommend to the Board the Policy on Board Composition, having regard to the mix of skills, knowledge, experience, expertise, independence and diversity (including gender, ethnicity and age) and other qualities required to facilitate effective and efficient functioning of the Board, including core competencies which Non-Executive Directors should bring to the Board, and to annually review the above;
- to ensure that prior to new Board appointments, a full assessment on the candidates is undertaken based on Policy on Board Composition (once developed) to assess the necessary and desirable core competencies of Directors so that an appropriate balance of skills, experience, expertise and diversity is maintained, and that the Board is able to discharge its responsibilities effectively;

5.2 The BNRC will report to the Board on:

- initiatives undertaken by the Board in relation to board Diversity and to achieve the Measurable Objectives,
- progress in achieving the Measurable Objectives and
- make recommendations to the Board regarding the Measurable Objectives.

The Board will ensure that appropriate disclosures are made in the Annual Report regarding Board Diversity.

6. Revision

Any revisions to the Policy as recommended by the BNRC will be submitted to the Board for consideration and approval.