

## CORPORATE GOVERNANCE REPORT

STOCK CODE : 7241  
COMPANY NAME : Nextgreen Global Berhad  
FINANCIAL YEAR : June 30, 2018

### OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board assumes full responsibilities of the overall performance of the Group. In discharging their fiduciary responsibilities, the Board sets the business direction and overseeing the conduct of the Group based on the periodic performance of the Group reported by management in the quarterly financial results.</p> <p>Executive Directors are responsible to the Board for implementing operational and corporate decisions while the Non-Executive Directors are responsible for providing independent views, advice and judgment in consideration of the interests of shareholders at large in order to effectively check and balance the Board's decision-making process.</p> <p>In discharging its responsibilities, the Board puts in place the following frameworks and processes:</p> <ol style="list-style-type: none"><li>i. Board Charter setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed;</li><li>ii. Board Committees, namely Audit and Risk Management, Nomination and Remuneration Committees to assist the Board in discharging its duties and responsibilities effectively. These Committees have the authority to examine particular issues and report to the Board with their recommendations;</li><li>iii. Periodic review of the financial results to overseeing the conduct of the business and the overall performance management of the business affairs of the Group;</li><li>iv. Deliberate the interim and annual financial reporting with management and External Auditors to ensure the integrity and reliability of the financial information published in order to assist the public, investors and shareholders to make informed decision;</li></ol>

	<p>v. Observe the regulatory requirements when disseminating information and disclosures in consultation with the Company Secretaries, External and Internal Auditors and corporate finance advisors for corporate exercises, when necessary; and</p> <p>vi. Review related party transaction, if any to ensure that the interest of minority shareholders are not detrimental by related party transactions.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board through:</p> <ul style="list-style-type: none"><li>- Chairing of board meetings, representing the Board to shareholders, and reviewing and approving together with the Board on the strategic issues of the Group;</li><li>- Chairing Annual and Extraordinary General Meetings when appropriate and represented Board in communicating with shareholders during the general meetings;</li><li>- Setting the board agenda in consultation with the Company Secretaries and ensures that board members receive complete and accurate information in a timely manner; and</li><li>- Facilitating board discussion to ensure proper exchange of information and deliberation of issues to enable proper decision making.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The positions of the Chairman and Managing Director are held by different individuals. The Board Chairman is an independent director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is assisted by two (2) qualified and competent Company Secretaries. Both Company Secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators. All Directors have unrestricted access to the advice and services of the Company Secretaries. The appointment and removal of Company Secretaries or Secretaries of the Board Committees can only be made by the Board.</p> <p>The Company Secretaries of the Group are experienced, competent and knowledgeable, play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Company Secretaries advise the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.</p> <p>The Company Secretaries also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company. Company Secretaries also ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded. In addition, the Company Secretaries ensure that any change in the Group's statutory information should be duly completed in the relevant prescribed forms and lodged with the Registrar of Companies within the required period of time.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The supply, timeliness and quality of the information affect the effectiveness of the Board. Accordingly, the Board ensures that each Director is provided with timely notices and Board papers issued prior to the Board meetings to enable Directors to review and consider the agenda items to be discussed and where necessary, to obtain further explanations before the board meeting.</p> <p>Company Secretary ensures that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members before the next meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has formalised and adopted its Board Charter covering the respective roles and responsibilities of the Board, Board Committee, individual directors and management and the issues and decision reserved for Board's decision. A review of its Charter was done before issuing of this Report. The Charter is available at the Company's website at <a href="http://www.nextgreenglobal.com/">http://www.nextgreenglobal.com/</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company has defined its Code of Conduct and Ethics covering the provisions on managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. This Code of Conduct and Ethics is published in the Company's website.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	In order to enforce the Code of Conduct and Ethics, the Company has put in place a whistleblowing policy.  For internal whistle blowing, the whistle blower can refer his/ her matters to the immediate superiors, Managing Director, Audit Committee Chairperson and Board Chairman. For external whistle blowing, the external whistle blower is advised to refer the matters to the same parties (except for immediate superior).	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As of the date of this Statement, the Board consists of ten (10) members, comprising five (5) Independent Directors and five (5) Executive Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.2

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

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

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	The Board does not have term limit for its Independent Directors and is of the view that the independence of the Independent Directors should not be determined solely or arbitrary by their tenure of service. However, the Board embraces the MCCG practice for retaining an independent director beyond nine (9) years. In this case, the Board will provide its justification and obtain shareholder approval unless the said Independent Director wishes to be re-designated as non-independent non-executive Director which shall be decided by the Board. Further, two tier voting process will be applied for retaining an Independent Director beyond twelve (12) years.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Refer to explanation in Practice 4.2.

## Intended Outcome

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

### Practice 4.4

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

<b>Application</b> :	Applied																																																																	
<b>Explanation on application of the practice</b> :	<p>The appointment of Board is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The current diversity in the ethnicity, age distribution and skillsets of the existing Board members are as follows. It shall be noted that all Executive Directors are also the top senior management.</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Race/Ethnicity</th> <th colspan="2">Nationality</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>Malaysian</th> <th>Foreign</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>--</td> <td>4</td> <td>--</td> <td>--</td> <td>4</td> <td>--</td> <td>4</td> <td>--</td> </tr> <tr> <td>Independent and Non-Executive Director</td> <td>1</td> <td>3</td> <td>--</td> <td>--</td> <td>4</td> <td>--</td> <td>--</td> <td>2</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Age Group</th> <th>30-39 Years</th> <th>40-49 years</th> <th>50-59 years</th> <th>60-69 years</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>--</td> <td>--</td> <td>4</td> <td>1</td> </tr> <tr> <td>Independent and Non-Executive Director</td> <td>1</td> <td>2</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Skill*</th> <th>Accounting &amp; Finance Management</th> <th>Engineering</th> <th>Legal / Law</th> <th>Business Management</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>2</td> <td>--</td> <td>1</td> <td>4</td> </tr> <tr> <td>Independent and Non-Executive Director</td> <td>2</td> <td>1</td> <td>--</td> <td>1</td> </tr> </tbody> </table> <p>*Some directors have more than one skill set</p>		Race/Ethnicity				Nationality		Gender		Malay	Chinese	Indian	Others	Malaysian	Foreign	Male	Female	Executive Director	--	4	--	--	4	--	4	--	Independent and Non-Executive Director	1	3	--	--	4	--	--	2	Age Group	30-39 Years	40-49 years	50-59 years	60-69 years	Executive Director	--	--	4	1	Independent and Non-Executive Director	1	2	1	1	Skill*	Accounting & Finance Management	Engineering	Legal / Law	Business Management	Executive Director	2	--	1	4	Independent and Non-Executive Director	2	1	--	1
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Timeframe :		
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### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Madam Chew Yuit Yoo, Madam Thiang Chew Lan and Dr. Hidayah Bt Arifin are the female directors of the Board constituting 30% of the total Board Members.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee will consider recommendations from existing board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary before recommending to the Board for further deliberation.</p> <p>Candidates for directorship are nominated based on their skills, knowledge, professionalism, character and experience in line with the needs of the Group. The detail profiles of nominated directors will be presented to the Board by the Nominating Committee to assist the Board in making their selection decision.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Nominating Committee is chaired by Madam Ms Chew Yuit Yoo who is an Independent Non-Executive Director.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Directors are given a performance assessment sheets (“PA Sheet”) for self and peer evaluation on Individual Director, Board, Audit Committee, Nomination Committee and Remuneration Committee to complete. Respective Directors will abstain from deliberation of his/her own appraisal.</p> <p>Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors to complete the forms and upon completion, the forms are submitted to the Chairperson for tabling to the Nominating Committee for review in due course.</p> <p>Annually, the Nominating Committee will assess the performance and effectiveness of the Board and contribution of each individual director while other Board Members who are not the members of the Board Committees will evaluate the performance of the Audit Committee, Nominating Committee and Remuneration Committee.</p> <p>Based on these annual assessments, it was noted that:</p> <ul style="list-style-type: none"><li>(a) The performance of all Directors was good and above average and therefore all retiring directors be recommended to shareholders for re-election;</li><li>(b) The Company has an effective board and its composition was well balanced after considering the Board members’ wide experience and exposure in various areas as well as their diverse skills and qualities;</li><li>(c) The performance of the Board Committees is satisfactory;</li><li>(d) Independent Directors were free from influence which could interfere with their ability to exercise impartial judgment on key deliberations and decisions;</li></ul>

	<p>(e) The current composition of the Board their and experience are effective for Board’s functions; and</p> <p>(f) Ms. Chew Yuit Yoo and Ms. Thiang Chew Lan who have served more than nine (9) years as Independent Director in the Board had:</p> <ul style="list-style-type: none"> <li>- Fulfilled the definition of independent director in MMLR;</li> <li>- Continuer to exercise independent judgment and act in the best interest of the Company and shareholders during her tenure of service; and</li> <li>- Shown great integrity and independence and had no transactions with the Group.</li> </ul> <p>The Board also concluded that the Group has benefited from their long serving experience and commitment and therefore agreed to put forth a resolution to retain Ms Chew Yuit Yoo and Ms. Thiang Chew Lan Independent Non-Executive Director to the shareholders for approval in the forthcoming meeting.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The remuneration policy and procedure for Executive and Non-Executive Directors are in place. Going forward, the Remuneration Committee will assist the Board to include the determination of senior management remuneration in this policy as well as review and publish this policy and procedure in the Company's website.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The present members of the Remuneration Committee are as follows. The terms of reference of the Remuneration Committee are published on the Company's website.</p> <p><u>Chairperson:</u> Thiang Chew Lan (Independent NonExecutive Director)</p> <p><u>Member:</u> Chew Yuit Yoo (Senior Independent NonExecutive Director) Dato' Dr. Koe Seng Kheng (Independent Non-Executive Director)</p> <p>The Remuneration Committee considers the principles recommended by the Code in determining the directors' remuneration, whereby, the remuneration of the executive directors is designed to link rewards to the Group's performance whilst the remuneration of the non-executive directors is determined based on their experience and the level of responsibilities assumed.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied						
<b>Explanation on application of the practice</b>	:	All Directors received their remuneration from the Company. No remuneration was paid through subsidiaries of the Group to Directors.						
		<b>Director</b>	<b>Directors' Fee</b>	<b>Meeting Allowance</b>	<b>Salaries</b>	<b>Bonus</b>	<b>Benefit in-kind</b>	<b>Other Emoluments</b>
		Dato' Dr. Haji Sohaimi Bin Shahadan	120,000	--	--	--	7,200	--
		Dato' Lim Thiam Huat	--	--	336,000	--	35,200	--
		Koo Thiam Yoong	--	--	201,600	--	9,900	--
		Datuk Lee Hwa Cheng	--	--	107,520	--	--	--
		Datuk Lawrence Yeo Chua Poh	--	--	134,400	--	--	--
		Dato' Dr. Koe Seng Kheng	42,000	5,000	--	--	--	--
		Chew Yuit Yoo	47,460	5,000	--	--	--	--
		Thiang Chew Lan	42,000	5,000	--	--	--	--
<b>Explanation for departure</b>	:							
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>								
<b>Measure</b>	:							
<b>Timeframe</b>	:							



### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Presently, all Executive Directors are also the top senior management of the Group. Detailed disclosure of the remunerations of these Executive Directors cum top senior management is presented in Practice 7.1.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.3 - Step Up

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	This practice is not applicable to NextGreen Global Berhad who is not a Large Company nor with market capitalisation of RM2 billion or more. Nonetheless, the Board has disclosed the remuneration on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000 in the previous practice.

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Presently, the members of Audit Committee comprising fully Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Presently, none of the present members of the Audit Committee were former audit partners of the Company's auditors. Nonetheless, when considering the appointment of former key audit partner from its current External Auditor's firm, the Audit Committee is mindful of the minimum two (2) years cooling off period best practice under the MCCG before appointing this partner as a member of the Audit Committee.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The present External Auditors were engaged since the financial year ended 30 June 2012. The last rotation of engagement audit partner of the firm took place in financial year 2015.</p> <p>As part of the Audit Committee review processes, the Audit Committee has obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for reappointment in the AGM.</p> <p>The Audit Committee also convene meeting with the External Auditors without the presence of the Executive Directors and employees of the Group, as and when necessary. This arrangement allows the Auditors to raise matters of concern objectively and independently to the Audit Committee.</p> <p>The Audit Committee at its meeting held on 16 October 2017 undertook annual assessment of the suitability and independence of external auditors before recommendation is made to the Board for reappointment of the external auditors at the last AGM of the Company. In its assessment, the Audit Committee considered the quality of services, sufficiency of resources, independence, interaction and performance of external auditors. The present external audit firm has been serving the Company since the financial year ended 2012.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

Timeframe	:		
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**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The members of Audit Committee comprising fully Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the board.

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	: Applied																
<b>Explanation on application of the practice</b>	<p>The Board has established an effective and independent Audit Committee. The Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.</p> <p>The members of Audit Committee undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The training attended by the members of Audit Committee during the financial year are as follows:</p> <table border="1"><thead><tr><th>Name of Directors</th><th>Training Programmes</th><th>Date</th></tr></thead><tbody><tr><td rowspan="3">Chew Yuit Yoo Senior Independent Non-Executive Director</td><td>• Market Professional Enrichment Program</td><td>14 April 2018</td></tr><tr><td>• Battling Money Laundering &amp; Terrorism Financing in Malaysia</td><td>19 May 2018</td></tr><tr><td>• MFRS 9 Financial Instruments</td><td>14 July 2018</td></tr><tr><td>Thiang Chew Lan Independent Non- Executive Director</td><td>• MFRS 9 Financial Instruments</td><td>14 July 2018</td></tr><tr><td>Dato' Dr. Koe Seng Kheng Independent Non- Executive Director</td><td>• MFRS 9 Financial Instruments</td><td>14 July 2018</td></tr></tbody></table>	Name of Directors	Training Programmes	Date	Chew Yuit Yoo Senior Independent Non-Executive Director	• Market Professional Enrichment Program	14 April 2018	• Battling Money Laundering & Terrorism Financing in Malaysia	19 May 2018	• MFRS 9 Financial Instruments	14 July 2018	Thiang Chew Lan Independent Non- Executive Director	• MFRS 9 Financial Instruments	14 July 2018	Dato' Dr. Koe Seng Kheng Independent Non- Executive Director	• MFRS 9 Financial Instruments	14 July 2018
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<b>Explanation</b> for <b>departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>		
<b>Timeframe</b>		

## Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board as a whole responsible for the overall and oversight of risk management in the Group covering the system of risk management and internal control for financial, operational and compliance while the Executive Directors together with the senior management team are primary responsible for managing risks in the Group.</p> <p>The Statement on Risk Management and Internal Control is set out on pages in the Annual Report detailing the state and fundamentals of the risk management and internal control systems in the Group as well as the review mechanism of the Board. The Board commented in the said Statement that they are satisfied with the effectiveness and adequacy the existing level of systems of risk management and internal control.</p> <p>Going forward, the Board will implement and enhance its risk management framework covering the risk policy, risk appetite, risk assessment and define the oversight structure and review processes.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The details of the internal control feature as well as the Board review of the adequacy and effectiveness of the risk management and internal control frameworks are explained in the Statement on Risk Management and Internal Control of the Annual Report.</p> <p>It is reported in the above Statement that going forward, the Board will also deliberate the options for the international risk management framework and adopt a suitable framework for the Group in the coming financial year.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 9.3 - Step Up

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has not formed its Risk Committee. However, when reviewing the quarterly financial performance and results, the Audit Committee will evaluate and interpret the interim financial results in corroboration with management representations on operations, the performance of its subsidiaries and the risks and challenges in the business before presenting the financial results to the Board for further deliberation.

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee reviewed and approved the Internal Audit Plan to ensure that the appropriateness of the audit plan. The Audit Committee also discussed with the Internal Auditor on the progress of the audit plan and ensured that the audit direction remains relevant taking into consideration any changes in the Group's operating environment.</p> <p>When reviewing the Internal Audit reports, the Audit Committee will consider the impact of the audit issues and assess whether management has provided their comments appropriately reflecting their commitment to the audit recommendations.</p> <p>A private session with the Internal Auditors will be held without the presence of management by the Audit Committee, if needed to allow the Internal Auditors to exchange their views freely with the Audit Committee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Function is carried out by IA Essential Sdn. Bhd. (“IA Essential”) an internal audit consulting firm. The internal audit function is headed by a Director who is assisted by a manager and supported by an audit executive.</p> <p>The Director in charge is a qualified accountant while the rest of the team members are accounting graduates from local universities. The Internal Auditors have performed its work with reference to the principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders. The Audit Committee will review the engagement between the Group and IA Essential to ensure that the Internal Auditors’ objectivity and independence are not impaired or affected.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures that disclosures made to shareholders and investors are accurate, clear, timely and comprehensive in order to build and maintain corporate credibility and investor confidence.</p> <p>The Board promotes transparency and regular communication with its shareholders and stakeholders through timely releases of quarterly financial results, circulars, Annual Reports, corporate announcement and press releases via the website of Bursa Malaysia Securities Berhad at <a href="http://announcements.bursamalaysia.com">http://announcements.bursamalaysia.com</a>. The Group has also leveraged on its corporate website to communicate, disseminate and add depth to its communication with the public.</p> <p>The Board communicates with stakeholders by way of:</p> <ul style="list-style-type: none"><li>i. the Annual Report, which contains the financial and operational review of the Group's business, corporate information, financial statements;</li><li>ii. various announcements made to the Bursa Securities, which include announcements on quarterly results;</li><li>iii. the Company website at <a href="http://www.nextgreenglobal.com/">http://www.nextgreenglobal.com/</a>;</li><li>iv. meetings with research analysts and fund managers if required to provide them with insight of business in Group and the industry; and</li><li>v. Shareholders interaction during the general meetings.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

Timeframe	:		
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### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company has reported its Sustainability Statement in the Annual Report and provided the actions which the Board will take to formalise the Group's sustainability framework.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will continue to weigh the feasibility, cost and benefit of adopting integrated reporting vis-à-vis the interest of its shareholders.
<b>Timeframe</b>	:	The integrated reporting will be reviewed annually

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has adopted the recommendation of the MCCG for the Notice of the 13 <sup>th</sup> AGM to be given to the shareholders at least twenty-eight (28) days prior to the meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman and the respective Chairmen of the Board Committees will respond to all questions raised by the shareholders during the AGM. Shareholders will be provided with the opportunity to seek clarification on the Group's strategy, performance and major developments during the general meetings. Accordingly, shareholders are also encouraged to interact and feedback to the Chairman for opinions or concerns. The Board had also identified Madam Chew Yuit Yoo to act as the Senior Independent Non-Executive Director to provide shareholders and investors an alternative way to convey their concerns and seek independent view.</p> <p>The Board will ensure its full attendance in the AGM. The respective Chairmen of the Board Committees will attend to questions raised pertaining to their duties.</p> <p>In the last AGM, all Board members attended the general meeting. The shareholders questions were also fully answered and responded to.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Shareholders who are unable to attend the AGM are advised that they can appoint proxies to attend and vote on their behalf by completing the proxy form enclosed in the Annual Report and depositing it at the Registered Office at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.</p> <p>All resolutions set out in the Notice of AGM will be put to vote by poll. The polling and vote will be verified by an independent scrutineer. The outcome of the AGM will then be announced to Bursa Securities on the same meeting day while the summary of key matters discussed during the AGM were posted on the Company website.</p> <p>Shareholders are advised to note right relating to general meeting which is published on the Company's website at <a href="http://www.nextgreenglobal.com/">http://www.nextgreenglobal.com/</a>.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	