

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 1058  
**COMPANY NAME** : Manulife Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2019

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Company and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively.</p> <p>The Board assumes the following responsibilities to facilitate the Board in discharging its fiduciary and leadership functions:</p> <ol style="list-style-type: none"><li>1. Reviewing and adopting a strategic plan for the Company.</li><li>2. Overseeing the conduct of the Company's business to determine whether the business is being properly managed.</li><li>3. Identifying principal risks, setting of risk appetites, and ensuring the implementation of appropriate internal controls and mitigation measures.</li><li>4. Succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and programmes are in place to provide for the orderly succession of senior management.</li><li>5. Overseeing the development and implementation of shareholder communications policy for the Company.</li><li>6. Reviewing the adequacy and the integrity of the Company's management information and internal control systems.</li></ol> <p>Apart from the above, the Board has also delegated specific responsibilities to several Board Committees. While the Board Committees have the authority to examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the entire Board.</p> <ol style="list-style-type: none"><li>1. The Board has adopted a schedule of matters specifically reserved for its approval which include, amongst others, reviewing and approving the following: Strategic/business plans and annual budget.</li></ol>

	<ol style="list-style-type: none"> <li>2. New investments, divestments, mergers and acquisitions, corporate restructuring, including the establishment of subsidiaries, joint ventures or strategic alliances both locally and abroad.</li> <li>3. Acquisition and disposal of significant assets of the Company.</li> <li>4. Annual financial statements and the quarterly financial results prior to release to Bursa Securities.</li> <li>5. Appointment of new Directors, CEO and other senior management positions based on recommendations of the Group Nomination and Remuneration Committee.</li> <li>6. Related party transactions and capital financing.</li> </ol>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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 assumes the formal role of leader and chairs all Board meetings, leads discussions among Directors and provides leadership to the Board in its oversight of management.</p> <p>Some of the specific responsibilities of the Chairman include ensuring:-</p> <ol style="list-style-type: none"> <li>1. The smooth functioning of the Board, the governance structure and inculcating positive culture in the Board.</li> <li>2. Guidelines and procedures are in place to govern the Board's operations and conduct.</li> <li>3. All relevant issues are on agenda for Board Meeting and all Directors are able to participate in the Board activities.</li> <li>4. The Board debates strategic and critical issues.</li> <li>5. Avenues are provided for all Directors to participate openly in the discussion.</li> <li>6. That she provides leadership to the Board and is responsible for the developmental needs of the Board and leads the Board in the oversight of Management.</li> </ol>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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 Chairman and CEO are held by different individuals.  There is a clear division of responsibility between the Chairman and the Group CEO to ensure that there is a balance of power and authority, increased accountability and a greater capacity for independent decision-making. The description of the positions of the Chairman of the Board and the CEO of the Company is provided in the Board Charter published on the Company's website at <a href="http://www.manulife.com.my">www.manulife.com.my</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**

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>	:	The Board is supported by two qualified and competent Company Secretaries and the Board is satisfied based on its annual review of the performance of the Company Secretaries that they have provided sound governance advice, ensured adherence to rules and procedures and advocated the adoption of corporate governance best practices.	
<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 practice of the Board is to receive the agenda and Board meeting folder at least seven (7) days prior to a Board meeting. This is to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting.</p> <p>Upon conclusion of the meeting, the draft minutes are circulated to the Board to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the board, including whether any director abstained from voting or deliberating on a particular matter. Thereafter the final minutes are approved by the Chairman.</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>	:	<p>The Board Charter is published on the Company's website, and periodically reviewed by the Board for updates on new and improved practices and governance standards.</p> <p>The Board Charter describes concisely the roles and responsibilities of the Board, Board Committees, individual Directors and Management, as well as the issues and decisions reserved for the Board to facilitate the Board in discharging its fiduciary and leadership functions.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

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

**Practice 3.1**

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company’s Code of Business Conduct and Ethics governs the standard of ethics and good conduct expected of its Directors and employees respectively.</p> <p>The Code of Business Conduct and Ethics provides for the reporting of unethical, unprofessional, illegal, fraudulent or other questionable behaviours by way of calling or writing to Ethics Point, an independent third-party ethics hotline service that provides employees with phone and web-based communications tools to confidentially report suspected unethical, unprofessional, illegal or fraudulent activity conducted by others associated with the Company.</p> <p>The Code of Business Conduct and Ethics is published on the Company’s website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company's policy on whistleblowing is enshrined in its Code of Business Conduct and Ethics. The Company's Code of Business Conduct and Ethics provides standards for ethical behaviour when representing the Company and when dealing with customers, investors, employees, field representatives, external suppliers, competitors, government authorities and the public.</p> <p>Concerns on unethical, unprofessional, illegal, fraudulent or other questionable behaviours may be reported, anonymously or not, without fear of retaliation.</p> <p>All employees and members of the Board undergo annual training on the Code of Business Conduct and Ethics and confirm their understanding and adherence of the same.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board consists of six members, comprising four independent non-executive directors, one non-independent non-executive director and one executive director, who serves as GCEO of the Company. All six of the independent non-executive directors satisfy the criteria of an independent director under the Bursa Requirement. They constitute 66.67% of the board composition.	
<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>	:	Not applicable - Step Up 4.3 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>Presently, there are no Independent Directors serving beyond 9 years.</p> <p>Under the Company's Board Charter, the tenure of service of Independent Directors is capped at the maximum limit of 9 years. An Independent Director who has served the company for 9 years may only continue to serve in that capacity subject to GNRC's recommendation and shareholders' approval. However, this will only apply to situations where there are exceptional circumstances or as part of transitional arrangements towards full implementation of the succession plans of the Company.</p>

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board at all times promotes and welcomes diversity and gender mix in its composition.</p> <p>The Group Nominating/Remuneration Committee (“GNRC”) responsible for identifying and nominating suitable candidates for appointment to the Board for approval, either to fill vacancies or as addition to meet the changing needs of the Board. The GNRC will follow the nomination process to undertake a thorough and comprehensive evaluation of the candidate. It also takes into account the Group’s business and matches the capabilities and contribution expected for a particular appointment. In addition, the Fit and Properly Policy also outlines the criteria for assessment of the suitability of the candidate for appointment.</p> <p>The GNRC also oversees the succession planning of Key Senior Management across the Group with a view to build and maintain senior leadership bench strength. Diversity at Key Senior Management level is also taken into consideration.</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 4.5

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>	:	The Board recognises the importance of having a diverse Board in terms of experience, skills, competence, ethnicity, gender, culture and age. A diverse Board facilitates optimal decision making by harnessing different insights, perspectives, experience and exposure. While the Board supports the universal move to appoint more females Directors to the Board, the Board is guided by the principal that appointment of new Board members shall not be based solely on gender but rather the candidate's skill set, competencies, experience and knowledge in areas identified by the Board. Nevertheless, the board fully endorsed that female candidates should be included in the evaluation process for appointment of new Directors on the Board. As at 31 December 2019, the board comprises 33% women directors (two out of six 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 4.6

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>	:	The Group Nominating/Remuneration Committee (“GNRC”) is responsible for identifying and nominating suitable candidates for appointments to the Board for approval, either to fill vacancies or as addition to meet the changing needs of the Group. In identifying candidates for appointment of directors, the GNRC does engage organisations such as Institute of Corporate Directors Malaysia (ICDM) (formerly known as MINDA), LeadWomen and recruitment firms.
<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 Group Nominating/Remuneration Committee is chaired by Dato' Dr Zaha Rina Binti Zahari, who is an independent non-executive director of the Company.	
<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>The Board undertakes a formal and objective evaluation to determine the effectiveness of the board, its committees and directors annually.</p> <p>In the Board Effectiveness Survey undertaken by the Board in 2019, the Board members generally expressed satisfaction in terms of board responsibility, operations and board and Committee effectiveness. Further, in individual self-evaluations, members expressed satisfaction with their ability to contribute effectively on the Boards. The Board further expressed</p> <ul style="list-style-type: none"><li>• the need to ensure continued and robust succession planning for the Board and senior management team</li><li>• the need to enhance IT expertise on the Board; and</li><li>• the need to appoint different Chairpersons for the Audit and Risk Committees</li></ul> <p>These views have been taken onboard by both the GRNC and Management in terms of succession planning and onboarding new talent onto the Board. The GNRC further appointed Ms Vijayam Nadarajah as Chairman of the Group Risk Committee, whilst Mr David Lim continues as Chairman of the Group Audit Committee.</p> <p>The Board will further engage independent experts periodically to facilitate objective and candid board evaluations.</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 Board has in place policies and procedures to determine the remuneration of Directors and Senior Managers that take into account the demands, complexities and performance of the company as well as skills and experience required, and these are periodically reviewed.	
		An explanation on the principles and practice of remuneration is available on the Company's website, and the Board deems this explanation as sufficient for purposes of the disclosure.	
<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>	:	Others	-

### 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>	:	The Group Nominating/Remuneration Committee ("GNRC") implements the compensation policies and procedures of the staff and the Board and reviews and recommends matters relating to the remuneration of board and senior management.  The GNRC also has written terms of reference that deal with its authority and duties and these terms are published on the Company 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**

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>	:	The disclosure on named basis for the remuneration of individual directors and breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments is made in the Manulife Holdings Berhad Annual Report 2019.	
<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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is on the opinion that such disclosure would be disadvantageous to the Group's business interests, given the highly competitive conditions in the financial services industry.	
		The Board assures that there is internal process to ensure that the remuneration of the senior management commensurate with the performance of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board will monitor the market practice in respect of such disclosure / re-evaluate this requirement annually.	
<b>Timeframe</b>	:	Others	-

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group Audit Committee (“GAC”) is chaired by Mr. Lim Hun Soon @ David Lim.  The Chairman of GAC is not the Chairman of the Board to ensure the overall effectiveness and independence of the 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 8.2**

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>	:	The Group Audit Committee (“GAC”) adopts the best practice of requiring a cooling-off period of at least two years before being appointed as a member of the GAC. Hence, no such person has been appointed as a member of GAC; none of the members of GAC was former key audit partners within the cooling-off period of two years.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group Audit Committee applies the best practice of ensuring a full assessment to ensure the suitability, objectivity and independence of the external auditor.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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 Group Audit Committee ("GAC") members possess a wide range of skills, and they are financially literate and able to understand matters within the purview of the Group Audit Committee including the financial process. All GAC members are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards given the changes and development in this area from time to time, In line with this, the GAC members have made effort in keeping themselves abreast of relevant development by participating in conference seminars and training in accounting and auditing standards, practices and rules, and other development programmes.</p> <p>In addition, Management also ensures the GAC receives adequate updates on the changes of the relevant developments in accounting and auditing standards, practices and rules.</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 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board of Directors affirms the establishment of the Company and its subsidiaries' system of internal controls and risk management practices. The Company has in place the necessary process to identify, evaluate and manage significant risks that may impact the business objectives of the Company. The Board is assisted by the Group Audit Committee ("GAC") and Group Risk Management Committee ("GRMC") in overseeing the adequacy and effectiveness of the Company's risk management and internal control processes. The Statement on Risk Management and Internal Controls ("SORMIC") which provides an overview of the state of internal control within the Company is set out in the Company's 2019 Annual Report.
<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>	:	The disclosure of the features of the Company and its subsidiaries’ system of internal controls and risk management framework is made in its Annual Report, and the Group Risk Management Committee is satisfied on the adequacy and effectiveness of the framework and regularly reviews the adequacy and integrity of these systems.	
<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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The majority of the members of Group Risk Management Committee are independent non-executive directors ("INEDs"). The members are as follows:</p> <ol style="list-style-type: none"><li>1. Mrs. Vijayam Nadarajah - Chairman, INED;</li><li>2. Mr. Lim Hun Soon @ David Lim, Member, INED;</li><li>3. Datuk Seri Panglima Mohd Annuar Bin Zaini, Member, INED; and</li><li>4. Mr. Matthew Edward Lawrence, Member, non-independent non-executive director, who was appointed on 1 January 2020.</li></ol>



### 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 internal audit function is performed by an Internal Audit Department (“IAD”). IAP reports directly to the Group Audit Committee (“GAC”) on the assessment of adequacy and effectiveness of the Company’s governance, risk and management and internal control processes. Head of IAD has full access to the GAC Chairman.</p> <p>The GAC reviews the quarterly Audit Report presented by the IAD during the GAC meeting. The report includes highlights of the key audit activities and issues, the status of audits and updates on progress of the annual audit plan.</p> <p>Annually, the GAC also reviews and approves, where applicable, the annual audit plan and budget, revision to audit charter, performance appraisal of the head of IAD and assessment of the entire IAD to ensure that the function is properly discharged.</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 Board affirms and has made the following disclosures in its Group Audit Committee Report:</p> <ul style="list-style-type: none"> <li>• that the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;</li> <li>• the number of resources in the internal audit department;</li> <li>• name and qualification of the person responsible for internal audit; and</li> <li>• that the internal audit function is carried out in accordance with a recognised framework.</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

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 recognises the importance of effective, transparent and regular communication with its stakeholders and will continue to improve on more effective, transparent and regular communication with all stakeholders.</p> <p>The Company is committed to maintaining high standards in the dissemination of relevant and material information on the Company in order to maintain effective, clear, timely and continuing disclosure of information.</p> <p>The Company communicates with its shareholders mainly through publication of an annual report and quarterly financial results, announcements and disclosures to Bursa Securities, and press release. The Company also conducts regular briefings for fund managers and analysts from time to time to update them on the Company's progress towards meeting its business objective.</p> <p><b>Annual Report</b> The Annual Report is one of the major channels of communication; it contains information on the Company's performance, operations as well as activities undertaken by the Company. Given the annual report is one of the key sources of information for the shareholder, great emphasis has been placed to ensure the contents of the annual report is accurate. Shareholders have access to the annual report and may also request for a hard copy if they wish to. The Company's 2019 Annual Report is published on its website at <a href="http://www.manulife.com.my">www.manulife.com.my</a>.</p> <p><b>Announcements and Disclosures to Bursa Securities</b> Announcement of quarterly financial results, circulars and various announcements are in compliance with the regulator's disclosure requirements. The same is also made available on the Company's website.</p> <p><b>Press Release</b> Press releases on all significant corporate developments and business initiatives on the Company's website under Newsroom to keep shareholders updated on the Company's developments.</p>

	<p><b>Annual General Meeting</b>  The Annual General Meeting (“AGM”) provides a forum for dialogue and interaction between the Board and shareholders. At the AGM, a brief overview of the Company’s annual operating and financial performance, followed by a question and answer sessions where shareholders are given opportunity to participate, clarify and/or question the Company’s strategic direction, business operations, performance and proposed resolutions. The Chairman, and the other members of the Board together with the Management and the Company’s external auditors are available to respond to queries from shareholders at the AGM. Shareholders may also forward any queries to the Company at any time throughout the year through the contact information on the Company’s website under Investor Relations.</p>	
<p><b>Explanation for departure</b></p>	:	
	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	:	
<p><b>Timeframe</b></p>	:	

### 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 does not fall under the category of Large Company.	
	:	-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	-	
<b>Timeframe</b>	:	Others	-

### 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>	:	<p>The Company dispatches the Notice of its Annual General Meeting (“AGM”) to the shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act 2016 and Main Listing Requirement of Bursa Securities. The notice of AGM is also published in New Straits Time, a nationally circulated newspaper and on the Company’s website at <a href="http://www.manulife.com.my">www.manulife.com.my</a>.</p> <p>The notice of its 43rd AGM meeting held on 31 May 2019 was issued on 30 April 2019. All relevant information relevant to the resolution proposed for shareholder’s’ approval has been included in the notice to enable shareholders make informed decisions in exercising their voting rights.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All directors including the members of the Group Audit Committee, Group Nominating/Remuneration Committee and Group Risk Management Committee attended and participated in the 43rd Annual General Meeting held on 31 May 2019. The AGM was also attended by the senior management of the Company. The presence of all directors provided opportunities for the shareholders/proxies to engage with each director and also allowed the shareholders/proxies to raise questions and concerns directly to those responsible.</p> <p>The proceedings of the AGM are recorded in minutes of the meeting and disclosed on the Company's website at <a href="http://www.manulife.com.my">www.manulife.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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>The Company has yet to facilitate voting in absentia and remote shareholders' participation at general meeting. The Company would review the need to leverage technology to facilitate the conduct of general meetings at the appropriate time. The Company currently practices the electronic voting platform via polling stations.</p>
	:	<p>The AGM of the Company has always been held within the vicinity of Kuala Lumpur at a venue familiar to the shareholders in order to encourage the shareholders to participate at its AGM. Shareholders, who are unable to attend general meetings, may appoint their respective proxies to vote on their behalf at the AGM of the Company.</p> <p>The Company is supportive of any technology that can facilitate voting in absentia and remote shareholders' participation at general meetings, and will continue to monitor developments in the market on the use of new and reliable, and cost effective technology to facilitate remote participation and voting in absentia.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The 44 <sup>th</sup> AGM of the Company in 2020 will be conducted on a fully virtual basis to facilitate remote participation and voting of shareholders during the Movement Control Order.
<b>Timeframe</b>	:	Others -



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

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

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