

## CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6351  
**COMPANY NAME** : Amway (Malaysia) Holdings Berhad  
**FINANCIAL YEAR** : December 31, 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 of Directors of Amway (Malaysia) Holdings Berhad ("Amway" or "the Company") continues to provide strategic oversight of the Company in fulfilment of its fiduciary duties as stipulated in Section 211 (1) and (2) and Section 213 (1) and (2) of the Companies Act 2016.</p> <p>In fulfilling its role, the Board is guided by its Board Charter and respective Terms of Reference ("TOR") for its committees, which clearly set out the roles and responsibilities for the Board including matters reserved for the Board's approval, and those which the Board may delegate to the Board Committees, Managing Director and Senior Management.</p> <p>The Board is guided by the following in the execution of its duties:</p> <ul style="list-style-type: none"><li>• Board Charter</li><li>• Audit Committee ("AC") TOR</li><li>• Nominating Committee ("NC") TOR</li><li>• Remuneration Committee ("RC") TOR</li><li>• Boardroom Diversity Policy</li><li>• Code of Ethics</li><li>• Whistleblower Policy</li></ul> <p>All of the above documents and policies may be accessed at: <a href="http://www.amway.my">www.amway.my</a>.</p> <p>During the year, the Board has strengthened its Board Charter and the TORs for the AC, NC and RC in keeping with the spirit and principles of Malaysian Code on Corporate Governance ("MCCG").</p> <p>Via its AC, Amway looks to effectively address its risk exposure and audit matters. The AC also ensures that audit and accounting practices are in line with recognised accounting practices such as the Malaysian Financial Reporting Standards ("MFRS") and the International Financial Reporting Standards.</p> <p>Through the NC, Amway's Board evaluates the existing skillsets of the Board members and recommends new individuals for directorship.</p> <p>The RC ensures that the Company and its subsidiaries' (collectively "the Group") remuneration plan is comparative to industry benchmarks.</p> <p>There is clear separation of matters between those that are the purview of the Board and those which have been delegated to Senior Management to oversee and execute.</p> <p>The Board, on an annual basis, reviews and approves the annual strategic plan, operating budget and capital expenditure budget.</p>

	<p>While the Board plays an active role in determining the Group’s broad-based strategies, it has delegated to Senior Management to develop appropriate tactical plans and initiatives to achieve set business goals and targets.</p> <p>The Managing Director (“MD”), together with Senior Management drive the strategic day-to-day management of the Group. They are responsible for translating strategic objectives, policies and goals set by the Board into tangible business targets or Key Performance Indicators (“KPIs”) and for the realisation of these through actionable business plans.</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**

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 of the Board is Dato' Ab. Halim Bin Mohyiddin, who is also the Senior Independent Non-Executive Director ("Senior INED") of the Company.</p> <p>Following his retirement upon the conclusion of the Twenty Fourth ("24<sup>th</sup>") Annual General Meeting ("AGM") which will be held on 29 May 2019, Tan Sri Faizah Binti Mohd Tahir will be re-designated as the Chairperson of the Board and the Senior INED.</p> <p>During the financial year ended 31 December 2018 ("FY2018"), the Board Charter has been revised to enhance the role of the Chairman.</p> <p>The Chairman has clearly defined roles which are distinct from the MD's duties. These include but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• Leading the Board in establishing and monitoring good corporate governance practices in the Group;</li> <li>• Maintaining regular dialogue with the MD over operational matters and consulting with the remaining Board members promptly over any matters that give the Chairman cause for major concern;</li> <li>• Leading board meetings and discussions and acting as a facilitator at board meetings to ensure that no member, whether executive or non-executive, dominates discussions and that appropriate discussions take place and that relevant opinions amongst members are forthcoming. The Chairman shall ensure that discussions result in logical and understandable outcomes;</li> <li>• Encouraging active participation at board meetings and allowing dissenting views to be freely expressed;</li> <li>• Setting the board agenda and ensuring Board members receive complete and accurate information in a timely manner;</li> <li>• Serving as the liaison between the Board and Management; and</li> <li>• Representing the Board to shareholders and ensuring effective communication with stakeholders and that their views are communicated to the Board as a whole.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**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>	:	<p>Amway has different individuals holding the positions of Chairman and MD.</p> <p>The position of Chairman of the Board is held by Dato' Ab. Halim Bin Mohyiddin until his retirement upon the conclusion of the 24<sup>th</sup> AGM on 29 May 2019. The position will be held by Tan Sri Faizah Binti Mohd Tahir upon his retirement.</p> <p>The position of MD is held by Mr Michael Jonathan Duong.</p> <p>The role of the Chairman has been outlined in Practice 1.2 with further details provided in the Board Charter.</p> <p>The role of the MD, in essence is to effectively lead the Group to execute its agreed business strategy towards the realisation of targets and objectives set by the Board. The MD may set operational targets and KPIs, chart day-to-day direction of the business and essentially looks into the operational aspects of Amway.</p> <p>The MD in his role, is supported by the Senior Management. The MD reports to the Board, providing updates on the Group's performance and may from time to time, recommend changes to the business and operational strategy in response to the external business environment and the needs of the Group.</p> <p>The MD also sits as an Executive Director on the Board. This is to ensure he is able to better execute his duties and report to the Board.</p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<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 Company continues to employ the services of two (2) Company Secretaries, Wong Wai Foong and Kuan Hui Fang who together offer the Group more than 20 years of cumulative company secretarial experience.</p> <p>Both individuals have served Amway for a period extending over four (4) years and are well versed with the Group's overall business strategy and operations as well as the overall goals set by the Board with regards to strengthening corporate governance, risk management and improving overall management and administration of the Group.</p> <p>The Company Secretaries are tasked to advise the Board on matters pertaining to the Company's Constitution and ensuring Board policies and procedures are in accordance with set rules and regulations. Their functions include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• Advising the Directors of their duties and responsibilities;</li> <li>• Advising the Board on corporate disclosures and compliance with the securities regulations and Listing Requirements;</li> <li>• Ensuring that Board procedures (especially those enshrined in the Company's Constitution) and applicable rules are observed;</li> <li>• Advising the Directors of obligations to disclose their interest in securities, disclosure of any conflict of interest and related party transaction;</li> <li>• Advising the Directors of prohibition on dealing in securities during the closed period and restriction on disclosure of price sensitive information;</li> <li>• Preparing agendas of meetings for Board and Board Committees;</li> <li>• Attending all Board and Board Committees' meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly;</li> <li>• Advising the Board on its obligatory requirements to disclose material information;</li> <li>• Ensuring the appointment of new directors and resignation of Directors are in accordance with the relevant legislations;</li> <li>• Ensuring execution of assessment for Directors, Board and Board Committees;</li> <li>• Advising the Board on all compliance issues pertaining to the Companies Act 2016; and</li> </ul>

	<ul style="list-style-type: none"> <li>• Providing unhindered advice and services for the Directors as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.</li> </ul> <p>At least one of the Company Secretaries has attended all Board and Board Committees' meetings. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their 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**

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 annual meeting calendar is circulated in November of previous year to facilitate the Directors' time planning to accommodate all Board or Board Committee meetings as well as the Company's AGM.</p> <p>Notice of Board meetings and meeting agendas are prepared in writing and distributed to the Directors ten (10) business days in advance, or shorter period, if need be.</p> <p>Board and Board Committee papers prepared by Management and the Company Secretaries are furnished to Directors and Board Committee members at least five (5) business days in advance to allow the Directors sufficient time to review the documents.</p> <p>Notification is sent to the Management which includes the deadline for submission of meeting materials.</p> <p>At least one of the Company Secretaries has attended all Board and Board Committee meetings. The Company Secretaries ensured that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are maintained accordingly. Meetings of the Board and the Board Committees are minuted and circulated to all Board members.</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 has a Board Charter which clearly details the fiduciary duties of Directors. It also outlines the roles of the various Board Committees as well as policies, governance and leadership matters including matters reserved for the Board.</p> <p>The roles and responsibilities of the Board of Directors, Chairman, MD, Executive and Non-Executive Directors, Independent Non-Executive Directors (“INED”) and Company Secretary are clearly outlined in the Board Charter.</p> <p>The Board Charter is revised from time to time in tandem with changes in regulations and best practices.</p> <p>In keeping with the Practices of the MCCG, a revised Board Charter was approved on 26 February 2018. Among the key revisions made were:</p> <ul style="list-style-type: none"> <li>• Inclusion of a written policy for the Board to have oversight on remuneration of the Senior Management;</li> <li>• That the Board should comprise at least 50% of INEDs while further defining the roles of INEDs;</li> <li>• Inclusion of two-tier voting for re-election of Independent Directors exceeding 12 years; and</li> <li>• Revised the primary responsibilities of the Company Secretary.</li> </ul> <p>The revised Board Charter is available at our website <a href="http://www.amway.my">www.amway.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 3.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Amway has adopted a clear Code of Ethics which covers expected practices or forms of behaviour with regard to transparency, accountability and disclosure of information, bribery, conflicts of interest, breach of privacy/confidentiality, insider trading, fair dealing and anti-competition, improper use of company assets, compliance with laws, rules and regulations and so on.</p> <p>The purpose of the Code of Ethics is to ensure that all employees and Directors maintain and enforce the highest standards of professional conduct in the performance of their duties and throughout the Group.</p> <p>All new employees are briefed on the Code of Ethics during their induction into the Group. All employees are required to declare that they have received, read and understood the provisions of the Code of Ethics and agreed to comply with its terms throughout their employment.</p> <p>The Code of Ethics is available at our website <a href="http://www.amway.my">www.amway.my</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<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>Amway has established its Whistleblower Policy since 2012. The policy provides for a robust and confidential mechanism for staff, vendors or any other stakeholder to reveal any forms of malpractice or misconduct or any form of behaviour that is deemed to be contravening to Amway's Code of Ethics.</p> <p>Under the policy, the whistleblower can disclose any impropriety in good faith while enjoying confidentiality of identity and protection from victimisation, harassment or disciplinary action for his/her disclosure.</p> <p>The AC is responsible for oversight of the Whistleblower Policy while administration of the policy is performed by the Group's legal counsel.</p> <p>The Whistleblower Policy provides contact details of the following person as the avenue for the employees or relevant parties to raise concerns of non-compliance:-</p> <table border="1" style="margin-left: 20px;"> <tr> <td>Senior INED</td> </tr> <tr> <td>Dato' Ab. Halim Mohyiddin</td> </tr> <tr> <td>Email: hskdan40@gmail.com</td> </tr> </table> <p>Following the retirement of Dato' Ab. Halim Mohyiddin upon the conclusion of the 24 AGM on 29 May 2019, Tan Sri Faizah Binti Mohd Tahir will be re-designated as the Senior INED and is contactable at Faizah.Tahir@Amway.com.</p> <p>The Whistleblower Policy is available on the Company's website at www.amway.my. In FY2018, no whistleblowing cases were reported.</p>	Senior INED	Dato' Ab. Halim Mohyiddin	Email: hskdan40@gmail.com
Senior INED					
Dato' Ab. Halim Mohyiddin					
Email: hskdan40@gmail.com					
<b>Explanation for departure</b>	:				
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>					
<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>	<p>Amway has maintained at least 50% independent board composition with the Board Charter also revised to this effect in February 2018. Out of the eight (8) board members in FY2018, four (4) were INEDs.</p> <p>As at 31 December 2018, the Company's board composition was as below:</p> <ul style="list-style-type: none"><li>• Dato' Ab. Halim Bin Mohyiddin (Chairman &amp; Senior INED)</li><li>• Tan Sri Faizah Binti Mohd Tahir (INED)</li><li>• Dato' Abdullah Thalith Bin Md Thani (INED)</li><li>• Mohammad Bin Hussin (Non-Independent Non-Executive Director)</li><li>• Low Han Kee (Non-Independent Non-Executive Director)</li><li>• Scott Russell Balfour (Non-Independent Non-Executive Director)</li><li>• Michael Jonathan Duong (MD)</li><li>• Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham (INED-resigned on 1 January 2019)</li></ul> <p>Changes made to the board composition from 1 January 2019 to 29 May 2019 as part of the Board's succession plan are as follows:</p> <p><u>On 1 January 2019:</u></p> <p>Appointment of Abd Malik Bin A Rahman as an INED, in place of Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham who had resigned.</p> <p><u>On 26 February 2019:</u></p> <p>Appointment of Datin Azreen Binti Abu Noh as INED and the second female Director on the Board.</p> <p><u>On 29 May 2019, upon the conclusion of the 24<sup>th</sup> AGM</u></p> <p>With the retirement of Dato' Ab. Halim Bin Mohyiddin, Tan Sri Faizah Binti Mohd Tahir will be re-designated as the Chairperson and Senior INED.</p> <p>Amway's board composition upon the conclusion of the 24<sup>th</sup> AGM will be as follows:</p> <ul style="list-style-type: none"><li>• Tan Sri Faizah Binti Mohd Tahir (Chairperson &amp; Senior INED)</li><li>• Dato' Abdullah Thalith Bin Md Thani (INED)</li><li>• Mohammad Bin Hussin (Non-Independent Non-Executive Director)</li><li>• Low Han Kee (Non-Independent Non-Executive Director)</li><li>• Scott Russell Balfour (Non-Independent Non-Executive Director)</li><li>• Michael Jonathan Duong (MD)</li><li>• Abd Malik Bin A Rahman (INED - appointed on 1 January 2019)</li><li>• Datin Azreen Binti Abu Noh (INED - appointed on 26 February 2019)</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**

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
<b>Explanation on application of the practice</b>	:	<p>Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, the INED who has served on the Board for more than twelve (12) years, had resigned as a Director of the Company on 1 January 2019.</p> <p>Following his resignation, Dato' Ab. Halim Bin Mohyiddin, the Chairman is the only INED to remain seated on the Board for a cumulative period beyond nine (9) years.</p> <p>Dato' Ab. Halim Bin Mohyiddin has informed that he will not be seeking re-election at the forthcoming 24<sup>th</sup> AGM to be held on 29 May 2019 and will retire from his office upon the conclusion of the 24<sup>th</sup> AGM.</p> <p>Following the departure of the aforementioned Directors, none of Amway's INEDs have reached the maximum 9-year tenure of service as stipulated under the Practice.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<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 application of the practice</b>	:		
<b>Explanation for departure</b>	:	Given that Amway is not categorised as a large company, the Company has not adopted the above Practice for the financial year.	
<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 4.4**

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 through the NC is responsible for ensuring the best possible talent is brought into the Board based on Amway's unique business requirements and the competitive industry landscape in which it operates in.</p> <p>Essentially, Amway requires a diverse, multi-skilled and vastly experienced Board consisting of individuals with a wide range of skillsets, competences and corporate backgrounds.</p> <p>The identification, assessment and recommendation of potential Board members is based on the individual's capacity, professionalism, track record, experience and qualifications. In effect, purely on merit, though the NC will also consider other factors such as time commitment i.e. ability to attend Board meetings, to constructively contribute to Board discussions and to serve on Board Committees.</p> <p>Other factors considered include:</p> <ul style="list-style-type: none"> <li>• Candidate's independence in the case of the appointment of an INED; and</li> <li>• The composition requirements for the Board and Board Committees (if the candidate is proposed to be appointed to any of the Board Committees).</li> </ul> <p>In addition, the Board had revised its Boardroom Diversity Policy in 2018 to include a requirement to have at least one (1) female Director to be on the Board. The NC's TOR has been revised to state that the majority of the NC members shall be independent.</p> <p>Likewise, Amway has clear policies to ensure the recruitment of Senior Management is based on merit. However, Senior Management recruitment comes under the Group's Human Resources policy which is administered by the Human Resource Department.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**Intended Outcome**

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

**Practice 4.5**

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>	<p>: On 26 February 2018, the Board approved a revision to the Boardroom Diversity Policy to include a target of at least one (1) female director to be on the Board.</p> <p>This target has been met via Tan Sri Faizah Binti Mohd Tahir who sits on the Board as an INED since her appointment on 8 May 2014.</p> <p>The Board continues to progressively increase the participation of women at the highest decision making levels of the Group.</p> <p>On 26 February 2019, Datin Azreen Binti Abu Noh was appointed to the Board thus increasing the number of female directors to two (2) out of nine (9) directors and exceeding the target of having at least one (1) female director on the Board.</p> <p>Going further, with the retirement of incumbent Chairman, Dato’ Ab. Halim Bin Mohyiddin upon the conclusion of the 24<sup>th</sup> AGM, Tan Sri Faizah Binti Mohd Tahir, shall be re-designated as the Chairperson of the Board and the Senior INED. Tan Sri Faizah Binti Mohd Tahir will be Amway’s first Chairwoman.</p> <p>Therefore, upon conclusion of the 24<sup>th</sup> AGM, the Board would achieve a 25% female director composition.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC undertakes a comprehensive search in the sourcing of new Directors towards ensuring a dynamic injection of fresh ideas and perspectives on a regular basis to Board discussions. This helps to achieve a healthy balance between the experience of existing Directors and the fresh ideas brought in by new members.</p> <p>While the NC is not averse to considering recommendations from Directors, Management or major shareholders, it supplements its search process via other means. This includes professional networks and associations, tapping on recruitment agencies as well as considering the views of using board members of other public listed companies.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<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>	:	<p>The NC is currently chaired by Abd Malik Bin A Rahman, an INED. Abd Malik Bin A Rahman who was appointed on 1 January 2019. Prior to his appointment, Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham, an INED was the Chairman of NC.</p> <p>Amway's current NC composition is as follows:</p> <ul style="list-style-type: none"> <li>• Abd Malik Bin A Rahman (Chairman, INED)</li> <li>• Dato' Ab. Halim Bin Mohyiddin (Member, Senior INED)</li> <li>• Scott Russell Balfour (Re-designated as member on 26 February 2018, Non-Independent Non-Executive Director)</li> </ul> <p>With the upcoming re-designation of Abd Malik Bin A Rahman as AC Chairman upon the conclusion of the 24<sup>th</sup> AGM on 29 May 2019, the Board will appoint Dato' Abdullah Thalith Bin Md Thani as NC Chairman and re-designate Abd Malik Bin A Rahman as NC member.</p> <p>Amway's NC composition effective 29 May 2019 (upon the conclusion of the 24<sup>th</sup> AGM) shall be as follows:</p> <ul style="list-style-type: none"> <li>• Dato' Abdullah Thalith Bin Md (Chairman, INED)</li> <li>• Abd Malik Bin A Rahman (Member, INED)</li> <li>• Scott Russell Balfour (Member, Non-Independent Non-Executive Director)</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**

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>: Annually, the Board assesses the effectiveness of its members and committees via the Board Evaluation Exercise (“BEE”). The BEE is conducted by the NC.</p> <table border="1" data-bbox="486 672 1332 1780"> <thead> <tr> <th data-bbox="486 672 909 750"><b>Criteria for Board Evaluation:</b></th> <th data-bbox="909 672 1332 750"><b>Criteria for Individual Director Evaluation</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="486 750 909 1780"> <ul style="list-style-type: none"> <li>• Evaluation of organisation performance against industry norms and measurement of performance indicators.</li> <li>• Achievement of Board objectives, quality of decisions (value-adding, relevance).</li> <li>• Ability to conduct business honestly, ethically and professionally.</li> <li>• Effective committee structures.</li> <li>• Frequency and duration of board meetings; quality of board papers; relevance and completeness of agendas.</li> <li>• Information and advice received was relevant, adequate and timely.</li> <li>• Considering the appropriate mix of directors’ characteristics, experience and skills.</li> <li>• Ability to interact with shareholders effectively.</li> </ul> </td> <td data-bbox="909 750 1332 1780"> <ul style="list-style-type: none"> <li>• Commitment in terms of time and effort.</li> <li>• Attendance at Board meetings.</li> <li>• Ability to offer insights, add value and contribute with personal knowledge and experience.</li> <li>• Honesty, integrity, professional conduct or business ethics of the Director.</li> <li>• Provides logical opinion and constructive suggestion into decision making process.</li> <li>• Being well prepared and add value to Board/Committee meetings.</li> </ul> </td> </tr> </tbody> </table> <p>In FY2018, based on the BEE the Board is satisfied with the performance of its Directors.</p> <p>The performance of each Director retiring at the next AGM is taken into account by the Board in determining whether or not the Board should support the re-election of the Director. The Directors seeking re-election will be asked to reconfirm that they consent to stand for re-election.</p>	<b>Criteria for Board Evaluation:</b>	<b>Criteria for Individual Director Evaluation</b>	<ul style="list-style-type: none"> <li>• Evaluation of organisation performance against industry norms and measurement of performance indicators.</li> <li>• Achievement of Board objectives, quality of decisions (value-adding, relevance).</li> <li>• Ability to conduct business honestly, ethically and professionally.</li> <li>• Effective committee structures.</li> <li>• Frequency and duration of board meetings; quality of board papers; relevance and completeness of agendas.</li> <li>• Information and advice received was relevant, adequate and timely.</li> <li>• Considering the appropriate mix of directors’ characteristics, experience and skills.</li> <li>• Ability to interact with shareholders effectively.</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment in terms of time and effort.</li> <li>• Attendance at Board meetings.</li> <li>• Ability to offer insights, add value and contribute with personal knowledge and experience.</li> <li>• Honesty, integrity, professional conduct or business ethics of the Director.</li> <li>• Provides logical opinion and constructive suggestion into decision making process.</li> <li>• Being well prepared and add value to Board/Committee meetings.</li> </ul>
<b>Criteria for Board Evaluation:</b>	<b>Criteria for Individual Director Evaluation</b>				
<ul style="list-style-type: none"> <li>• Evaluation of organisation performance against industry norms and measurement of performance indicators.</li> <li>• Achievement of Board objectives, quality of decisions (value-adding, relevance).</li> <li>• Ability to conduct business honestly, ethically and professionally.</li> <li>• Effective committee structures.</li> <li>• Frequency and duration of board meetings; quality of board papers; relevance and completeness of agendas.</li> <li>• Information and advice received was relevant, adequate and timely.</li> <li>• Considering the appropriate mix of directors’ characteristics, experience and skills.</li> <li>• Ability to interact with shareholders effectively.</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment in terms of time and effort.</li> <li>• Attendance at Board meetings.</li> <li>• Ability to offer insights, add value and contribute with personal knowledge and experience.</li> <li>• Honesty, integrity, professional conduct or business ethics of the Director.</li> <li>• Provides logical opinion and constructive suggestion into decision making process.</li> <li>• Being well prepared and add value to Board/Committee 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> :		
<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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In February 2018, the Board adopted the remuneration policies for Directors and Senior Management.</p> <p>Remuneration for Non-Executive Directors is a matter for the Board, as a whole, with individual directors not participating in decisions regarding their own remuneration package. Fees and benefits payable to Non-Executive Directors are deliberated and decided by the Board as a whole before they are presented for approval by shareholders at the AGM.</p> <p>The determination of remuneration for MD and Senior Management, is based on the achievement of Group’s performance as well as individual KPIs.</p> <p>For more details, please refer to the Remuneration policies at <a href="http://www.amway.my">www.amway.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>N the 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 RC is responsible for establishing the framework and determining the remuneration of the Executive Directors, Non-Executive Directors and Senior Management. It is guided by the RC’s TOR which provides guidelines on the remuneration of Independent and Non-Independent Directors, Executive Directors as well as Senior Management.</p> <p>The present members of the RC are as follows:</p> <ul style="list-style-type: none"> <li>• Scott Russell Balfour (Chairman, Non-Independent Non-Executive Director)</li> <li>• Dato’ Ab.Halim Bin Mohyiddin (Member, Senior INED)</li> <li>• Dato’ Abdullah Thalith Bin Md Thani (Member, INED)</li> </ul> <p>With the upcoming retirement of Dato’ Ab.Halim Bin Mohyiddin, Tan Sri Faizah Binti Mohd Tahir will be appointed as a member of the RC upon the conclusion of the 24<sup>th</sup> AGM.</p> <p>Therefore, Amway’s RC composition effective 29 May 2019 (upon the conclusion of the 24<sup>th</sup> AGM) shall be as follows:</p> <ul style="list-style-type: none"> <li>• Scott Russell Balfour (Chairman, Non-Independent Non-Executive Director)</li> <li>• Dato’ Abdullah Thalith Bin Md Thani (Member, INED)</li> <li>• Tan Sri Faizah Binti Mohd Tahir (Member, Senior INED)</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

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>	: Remuneration of Directors for FY2018 is as follows:					
	Fees	Salaries and other emoluments	Bonus	Defined Contribution Plan	Allowances	Benefits-in-kind
<b>Group</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liu, Ming-Hsiung @ Martin Liou (resigned on 1 May 2018)	-	433.5	912.5	-	43.3	0.6
Michael Jonathan Duong	-	1,627.3	655.0	-	-	397.1
Dato' Ab. Halim Bin Mohyiddin	131.4	-	-	-	12.3	0.1
Tan Sri Faizah Binti Mohd Tahir	74.0	-	-	-	8.0	1.5
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	76.4	-	-	-	11.0	-
Dato' Abdullah Thalith Bin Md Thani	74.3	-	-	-	9.0	-
Mohammad Bin Hussin	65.4*	-	-	-	4.0	0.7
Low Han Kee	57.7	-	-	-	4.0	1.8
Scott Russell Balfour	-	-	-	-	-	-

	Fees	Salaries and other emoluments	Bonus	Defined Contribution Plan	Allowances	Benefits-in-kind
<b>Company</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liu, Ming-Hsiung @ Martin Liou (resigned on 1 May 2018)	-	-	-	-	-	-
Michael Jonathan Duong	-	-	-	-	-	-
Dato' Ab. Halim Bin Mohyiddin	131.4	-	-	-	12.3	0.1
Tan Sri Faizah Binti Mohd Tahir	74.0	-	-	-	8.0	1.5
Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	76.4	-	-	-	11.0	-
Dato' Abdullah Thalith Bin Md Thani	74.3	-	-	-	9.0	-
Mohammad Bin Hussin	65.4*	-	-	-	4.0	0.7
Low Han Kee	57.7	-	-	-	4.0	1.8
Scott Russell Balfour	-	-	-	-	-	-
<p><i>Notes:</i>  The Executive Directors did not receive any remunerations from the Company.  The Non-Executive Directors did not receive any remunerations from the Company's subsidiaries.  *Nominee Director whose Director's fees are paid to Permodalan Nasional Berhad.</p>						
<b>Explanation for departure</b> :						
<p>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</p>						
<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>	:	<p>While the Board is cognisant on the importance of transparency, due to the high competitiveness for professional talent as well as data privacy and personal security concerns, the Board believes that individual disclosure on a named basis for the remuneration of the top five Senior Management personnel or Key Senior Management (“KSM”) positions is not in the best interest of the Group.</p> <p>The KSM consists of the Chief Financial Officer, Head of Marketing, Head of Sales, Head of Retail, Operations and Customer Service and Head of Human Resources.</p> <p>The total remuneration of KSM in respect of FY2018 was approximately RM2.60 million. The remuneration package is divided into total cash and benefits, which is between market median of 50<sup>th</sup> percentile to 60<sup>th</sup> percentile<sup>1</sup>. Additional remuneration such as year-end bonuses or performance rewards is based on merit in relation to the achievement of individual KPIs and Group’s achievement of specific goals.</p> <p>Amway benchmarks total pay opportunity of employees in similar positions against other employers based on the market in which we compete for talent.</p> <p>The Board believes that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the KSM’s remuneration.</p> <p>The profiles of the KSM are set out on page 50 of the Annual Report 2018.</p> <p><sup>1</sup> Reference is made to Mercer and Hay’s 2018 fast moving consumer goods market data.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<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 application of the practice</b>	:		
<b>Explanation for departure</b>	:	Given that Amway is not categorised as a large company, the Company has not adopted the above Practice for the financial year.	
<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 8.1

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>	<p>The Chairman of the AC was Dato' Ab. Halim Bin Mohyiddin prior to 26 February 2018. Tan Sri Faizah Binti Mohd Tahir, an INED was re-designated as the AC Chairperson effective 26 February 2018. The Chairman of the Board is Dato' Ab. Halim Bin Mohyiddin until his retirement upon the conclusion of the 24<sup>th</sup> AGM on 29 May 2019.</p> <p>As at 31 December 2018, the AC composition was as follows:</p> <table border="1"><tr><td>Tan Sri Faizah Binti Mohd Tahir</td><td>AC Chairperson/INED (Re-designated as the Chairperson on 26 February 2018)</td></tr><tr><td>Dato' Ab. Halim Bin Mohyiddin</td><td>Senior INED (Re-designated as a member on 26 February 2018)</td></tr><tr><td>Dato' Abdullah Thalith Bin Md Thani</td><td>INED</td></tr><tr><td>Scott Russell Balfour</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham</td><td>INED (resigned on 1 January 2019)</td></tr></table> <p>Abd Malik Bin A Rahman was appointed as a member of the AC on 1 January 2019 to replace Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham.</p> <p>As part of the Board's succession plan for the AC, the following changes will take effect upon the conclusion of the 24<sup>th</sup> AGM:</p> <ul style="list-style-type: none"><li>• Tan Sri Faizah Binti Mohd Tahir will be re-designated from AC Chairperson to AC member. This is to ensure continued compliance with Practice 8.1 of the MCCG as she will be re-designated as the Chairperson of the Board on the same day;</li><li>• Abd Malik Bin A Rahman will be re-designated as AC Chairman; and</li><li>• Datin Azreen Binti Abu Noh will be appointed as a member of the AC.</li></ul> <p>Therefore, the AC composition effective 29 May 2019 (upon the conclusion of the 24<sup>th</sup> AGM) shall be as follows:</p> <table border="1"><tr><td>Abd Malik Bin A Rahman</td><td>Chairman, INED</td></tr><tr><td>Tan Sri Faizah Binti Mohd Tahir</td><td>Member, Senior INED</td></tr><tr><td>Dato' Abdullah Thalith Bin Md Thani</td><td>Member, INED</td></tr><tr><td>Scott Russell Balfour</td><td>Member, Non-Independent Non-Executive Director</td></tr><tr><td>Datin Azreen Binti Abu Noh</td><td>Member, INED</td></tr></table> <p>The TOR of the AC is available at <a href="http://www.amway.my">www.amway.my</a>.</p>	Tan Sri Faizah Binti Mohd Tahir	AC Chairperson/INED (Re-designated as the Chairperson on 26 February 2018)	Dato' Ab. Halim Bin Mohyiddin	Senior INED (Re-designated as a member on 26 February 2018)	Dato' Abdullah Thalith Bin Md Thani	INED	Scott Russell Balfour	Non-Independent Non-Executive Director	Tan Sri Dato' Cecil Wilbert Mohanaraj Abraham	INED (resigned on 1 January 2019)	Abd Malik Bin A Rahman	Chairman, INED	Tan Sri Faizah Binti Mohd Tahir	Member, Senior INED	Dato' Abdullah Thalith Bin Md Thani	Member, INED	Scott Russell Balfour	Member, Non-Independent Non-Executive Director	Datin Azreen Binti Abu Noh	Member, INED
Tan Sri Faizah Binti Mohd Tahir	AC Chairperson/INED (Re-designated as the Chairperson on 26 February 2018)																				
Dato' Ab. Halim Bin Mohyiddin	Senior INED (Re-designated as a member on 26 February 2018)																				
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Dato' Abdullah Thalith Bin Md Thani	Member, INED																				
Scott Russell Balfour	Member, Non-Independent Non-Executive Director																				
Datin Azreen Binti Abu Noh	Member, INED																				

<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>	:	Amway has always complied with this practice, as no former audit partners have ever been appointed to the Board.  The AC’s TOR has been revised and adopted by the Board on 26 February 2018 to include the requirement that a former key audit partner would need to observe a cooling-off period of at least two years before being appointed as a member of the AC.  The revised AC’s TOR is available at <a href="http://www.amway.my">www.amway.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**

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 AC periodically assess the performance of the External Auditors using the AC Evaluation Form. This includes an annual assessment based on the following:</p> <ul style="list-style-type: none"> <li>• Provision of written assurance of independence from the External Auditors;</li> <li>• Level of service, independence and level of non-audit services rendered by them;</li> <li>• Quality and scope of the planning of the audit;</li> <li>• Quality and timeliness of reports furnished to the AC;</li> <li>• Level of understanding demonstrated of the Group’s business; and</li> <li>• Communication to the AC about new and applicable accounting practices and auditing standards and the impact to the Company’s and Group’s financial statements.</li> </ul> <p>The Company has in place a policy on non-audit services provided by External Auditors. Having assessed the external audit function, the Board via the AC is satisfied with their overall performance.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<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 application of the practice</b>	:		
<b>Explanation for departure</b>	:	Given that Amway is not categorised as a large company, the Company has not adopted the above Practice for the financial year.	
<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 8.5

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>In FY2018, all AC Committee members have continued to undergo periodic training relevant to enhancing their skills in better fulfilling their duties.</p> <p>The AC members were briefed by Messrs Ernst &amp; Young on Financial Reporting Developments during AC meetings held in FY2018:</p> <ul style="list-style-type: none"><li>• Amended MFRS and IC Interpretation; and</li><li>• New MFRSs issued but not yet effective.</li></ul> <p>The Board is satisfied with the performance and competence level of the AC towards fulfilling its duties. The AC will continue to undergo periodic training as and when needed in tandem with 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>	:	<p>Amway adopts an Enterprise Risk Management (“ERM”) framework which embeds risk management process in its practices and processes. The framework encompasses a comprehensive process of identifying, evaluating and managing the material risks. This includes all strategic risk such as business, operational, financial and regulatory.</p> <p>The Risk Management Committee meets on a quarterly basis to evaluate and deliberate on the risk management activities and recommends appropriate measures to mitigate their risk exposures.</p> <p>The AC meets quarterly to evaluate the adequacy and effectiveness of the Group’s internal control systems by reviewing the audit findings and recommendations to improve any weaknesses or non-compliance and the respective responses from the Management thereto, to ensure that all key risks and control weaknesses are being properly addressed.</p> <p>For further information, please refer to the Statement on Risk Management and Internal Control (“SORMIC”) of the Annual Report 2018.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		


**Intended Outcome**

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>In its overall approach to manage and mitigate risk to the best extent possible, the Group has developed a comprehensive enterprise risk management framework, which allows risks to be addressed at the operational, management and Board level.</p> <p>The Group’s ERM process comprises five (5) phases as follows:</p> <div style="text-align: center;">  </div> <p>The Group’s risk profile is expressed through the use of a risk impact and likelihood matrix.</p> <p>During the year, the Risk Management Committee met four (4) times to review the Group’s risk profile. The risk management activities undertaken for each division included risk assessment at operational levels, evaluation of the effectiveness of the controls in place and the requirements for further controls when mitigated residual risks are unacceptable.</p> <p>For further information, please refer to the AC Report and SORMIC of the Annual Report 2018.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**Intended Outcome**

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 application of the practice</b>	:		
<b>Explanation for departure</b>	:	Given that Amway is not categorised as a large company, the Company has not adopted the above Practice for the financial year.	
<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 10.1**

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>Amway’s internal audit function is outsourced to external professional firm, Deloitte Risk Advisory Sdn. Bhd. (“DRA”). The rationale for using an external party is to ensure impartiality and independence of the internal audit function towards providing effective check and balance on the overall audit process and strategy.</p> <p>The internal audit function reports to the AC Committee on a quarterly basis and its role is set based on the approved internal audit plan.</p> <p>During the financial year under review, the internal audit function conducted four (4) internal audit cycles. Further details of the activities of the internal audit function are provided in the AC Report and SORMIC of the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<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 Group has outsourced its internal audit function to DRA, which is an external party. The DRA team is headed by Ms. Cheryl Khor, a certified public accountant with vast experience in the areas of financial and operational audits covering internal audits, quality assurance reviews, business process reviews, risk management and corporate governance reviews for public listed companies.</p> <p>Further details of the internal audit function are provided in the AC Report of the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<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 values the perspectives of stakeholders and respects the rights of shareholders to receive timely and accurate communication from the Company.</p> <p>In this regard, the Board and Senior Management of Amway continue to initiate a wide range of communication initiatives with shareholders and other stakeholders.</p> <p>Amway also maintains an investor relations section on its website, which allows stakeholders to email any enquiries or seek clarification on any company related matters. The contact details of the Investor Relations (“IR”) personnel is also available in the IR section to enable stakeholders to reach the IR personnel directly in the event of any enquiries and feedback.</p> <p>In essence, the Board and Senior Management have initiated active communication. Following are some examples that were undertaken during FY2018:</p> <ul style="list-style-type: none"> <li>• Sharing quarterly interim performance and full year financial results with the regulator and the media;</li> <li>• Dissemination of circulars;</li> <li>• Publication of the Company’s annual report and Group’s audited financial statements; and</li> <li>• Analyst briefings with investors and fund managers.</li> </ul> <p>Stakeholders can view information announced by Amway on its corporate website at <a href="http://www.amway.my">www.amway.my</a>. The corporate information, financial information, the Company’s announcements and other related communications and information is also available at the corporate 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

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>	:	Not adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Given that Amway is not categorised as a large company, the Company has not adopted the above Practice for the financial year.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 12.1

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

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	The Notice of the 23 <sup>rd</sup> AGM held on 16 May 2018 dated 16 April 2018 was distributed 29 days in advance of the meeting, which complied with Practice 12.1.	
<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**

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 eight (8) Directors were present in person at the 23<sup>rd</sup> AGM held on 16 May 2018 to engage directly with shareholders and be accountable for their stewardship of the Company. The Chairmen of the Board Committees were also present to address relevant questions.</p> <p>To ensure compliance to Practice 12.2 of the MCCG, the Company Secretaries will continue to provide the meeting dates in advance.</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 24<sup>th</sup> AGM will be held in Petaling Jaya, Selangor, a strategic and familiar location with easy accessibility and where most shareholders will be able to attend.</p> <p>The Company, in principle is supportive of any technology that can facilitate voting in absentia and remote shareholders' participation at general meetings.</p> <p>Amway aims to leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meetings, taking into consideration the actual number of shareholders who wish to attend remotely or vote in absentia, the accuracy and stability of such technologies, applicable laws and regulations and resources required for the benefits which can only be implemented with a system fit for this purpose.</p>
		<p>Alternative Practice:</p> <p>The Notice of AGM and Proxy Form have been dispatched to all the shareholders with a notice period of more than 28 days thus providing sufficient time to decide on whether to attend, participate, speak and vote at the meeting personally or to submit the proxy form if the members are unable to attend the meeting personally.</p> <p>Shareholders may appoint any person(s) as their proxy or corporate representative(s) to attend, participate, speak and vote in his stead at a general meeting.</p> <p>The Company shall ensure through its Polling Agent, that all valid proxies or corporate representatives or attorney appointments are properly received and recorded.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**COMPLIANCE STATEMENT**

This Statement is made in accordance with a resolution of the Board of Directors dated 26 February 2019.