

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6351
COMPANY NAME : Amway (Malaysia) Holdings Berhad
FINANCIAL YEAR : December 31, 2020

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 TO 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.

Application :	Applied
Explanation on application of the practice :	<p>The Board of Directors of Amway (Malaysia) Holdings Berhad (“Amway” or “the Company”) and its subsidiaries (collectively “the Group”) 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 of the Board including matters reserved for the Board’s approval, and those which the Board may delegate to the Board Committees, Managing Director (“MD”) 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"> • Board Charter; • Boardroom Diversity Policy; • Code of Ethics, Whistleblower Policy as well as Anti-Bribery and Corruption Policy; along with • Enterprise Risk Management Policy and Internal Audit Charter. <p>The Board, via the Audit Committee (“AC”), 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 Nominating Committee (“NC”), Amway’s Board evaluates the existing skillsets of the Board members and recommends new individuals for directorship.</p> <p>The Remuneration Committee (“RC”) ensures that the remuneration plan for the Executive and Non-Executive Directors and Senior Management are comparable to industry benchmarks.</p> <p>There is clear separation of matters between those that are under 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 and receives regular reports from Senior Management as to whether the plan and budgets will be met by the year’s end.</p> <p>While the Board plays an active role in determining the Group’s broad-based strategies, it has delegated to Senior Management the responsibility to develop appropriate tactical plans and initiatives to achieve set business goals and targets. The MD together with Senior Management drive the strategic day-to-day management of the Group.</p>

	They are responsible for translating strategic objectives, policies and goals set by the Board into tangible business targets or Key Performance Indicators (“KPIs”), as well as for the realisation of these through actionable business plans.	
Explanation for departure		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<p>Tan Sri Faizah Binti Mohd Tahir is the Chairperson of the Board and also the Senior Independent Non-Executive Director (“Senior INED”) of the Company.</p> <p>The Chairperson 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"> • Leading the Board in establishing and monitoring good corporate governance practices in the Group; • Maintaining regular dialogue with the MD over operational matters and consulting with the remaining Board members promptly over any matters that give the Chairperson cause for major concern; • 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; that the appropriate discussions take place; and that relevant opinions amongst members are forthcoming. The Chairperson shall also ensure that discussions result in logical and understandable outcomes; • Encouraging active participation at Board meetings and allowing dissenting views to be freely expressed; • Setting the Board agenda and ensuring Board members receive complete and accurate information in a timely manner; • Serving as the liaison between the Board and Management; • Serving as the Board’s representative to shareholders; and • Ensuring effective communication with stakeholders and ascertaining that their views are communicated to the Board as a whole. 	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<p>Amway has different individuals holding the positions of Chairperson and MD.</p> <p>The position of Chairperson is held by Tan Sri Faizah Binti Mohd Tahir while the position of MD is held by Mr. Michael Jonathan Duong.</p> <p>The role of the Chairperson 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 the day-to-day direction of the business and essentially look 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 as well as serve as the intermediary between the Board and Senior Management.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied
Explanation on application of the practice :	<p>The Company continues to employ the services of two (2) Company Secretaries, namely Ms. Wong Wai Foong and Ms. 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 five (5) years and are well versed in the Group's overall business strategy and operations as well as the overall goals set by the Board with regard to strengthening corporate governance, risk management and improving the overall management and administration of the Group.</p> <p>The Company Secretaries are tasked with advising the Board on matters pertaining to the Company's Constitution as well as 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">• Advising the Directors of their duties and responsibilities;• Advising the Board on corporate disclosures and compliance with the securities regulations and Listing Requirements;• Ensuring that Board procedures (especially those enshrined in the Company's Constitution) and applicable rules are observed;• Advising the Directors of their obligations to disclose their interests in securities, any conflicts of interest and related party transactions;• Advising the Directors of prohibition on dealing in securities during the closed period and restrictions on disclosure of price sensitive information;• Preparing agendas of meetings for the Board and Board Committees;• Attending all meetings of the Board and Board Committees as well as ensuring that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly;• Advising the Board on its obligatory requirements to disclose material information;• Ensuring the appointment of new Directors and resignation of Directors are carried out in accordance with the relevant legislations;• Ensuring execution of assessment for Directors, Board and Board Committees;• Advising the Board on all compliance issues pertaining to the Companies Act 2016; and

	<ul style="list-style-type: none"> • 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. <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>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<p>The annual meeting calendar is circulated in November of the preceding year to enable Directors to plan their time to accommodate all Board or Board Committee meetings as well as the Company's Annual General Meeting ("AGM").</p> <p>Notices of Board meetings and meeting agendas are prepared in writing and distributed to the Directors five (5) business days in advance, or over a shorter period, if need be.</p> <p>Board and Board Committee papers prepared by Management and the Company Secretaries are presented in a concise manner and 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 ensure 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 recorded and circulated to all Board members.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<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 (“INEDs”) 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>The Board Charter is available on the Company’s website at www.amway.my.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<p>Amway has adopted a clear Code of Ethics which covers the 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, as well as 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 as well as have agreed to comply with its terms throughout their employment.</p> <p>In addition to the Code of Ethics, Amway has also established the Anti-Bribery and Corruption (“ABAC”) Policy in May 2020, which sets out the Group’s position on bribery and corruption in all its forms and provides principles, guidelines, and requirements on relevant matters.</p> <p>The ABAC Policy applies to the Board of Directors, employees of the Group and Business Associates, including external parties who perform work or services for or on behalf of the Group. The Risk Management Committee (“RMC”) shall have the oversight on the implementation and monitoring of the compliance controls related to the ABAC Policy.</p> <p>The Code of Ethics and ABAC Policy are available on the Company’s website at www.amway.my.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied				
Explanation on application of the practice :	<p>Amway’s Whistleblower Policy has been in place since 2012. The Policy provides for a robust and confidential mechanism for staff, vendors or any other stakeholders to reveal any forms of malpractice or misconduct or any form of behaviour that is deemed to contravene Amway’s Code of Ethics.</p> <p>Under the Policy, the whistleblower can disclose any impropriety in good faith while enjoying confidentiality of his/her 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" data-bbox="459 1106 1193 1205"> <tr> <td data-bbox="466 1106 1187 1137">AC Chairman, INED</td> </tr> <tr> <td data-bbox="466 1137 1187 1169">En. Abd Malik Bin A Rahman</td> </tr> <tr> <td data-bbox="466 1169 1187 1205">Email: Abd.Malik@Amway.com</td> </tr> </table> <p>The Whistleblower Policy is available on the Company’s website at www.amway.my.</p>		AC Chairman, INED	En. Abd Malik Bin A Rahman	Email: Abd.Malik@Amway.com
AC Chairman, INED					
En. Abd Malik Bin A Rahman					
Email: Abd.Malik@Amway.com					
Explanation for departure :					
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.					
Measure :					
Timeframe :					

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 of Independent Directors.

Application :	Applied
Explanation on application of the practice :	<p>In line with its Board Charter, Amway has maintained at least 50% independent board composition.</p> <p>The Board has eight (8) directors, comprising one (1) Executive Director (Managing Director or “MD”) and seven (7) Non-Executive Directors. Of the seven (7) Non-Executive Directors, four (4) are Independent Directors. This composition complies with Practice 4.1 and exceeds the one-third (1/3) requirement as set out under the Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The current Board composition is as follows:</p> <ul style="list-style-type: none">• Tan Sri Faizah Binti Mohd Tahir (Chairperson, Senior INED);• Mr. Michael Jonathan Duong (MD);• Dato’ Abdullah Thalith Bin Md Thani (INED);• En. Abd Malik Bin A Rahman (INED);• Datin Seri Azreen Binti Abu Noh (INED);• Mr. Low Han Kee (Non-INED);• Mr. Scott Russell Balfour (Non-INED); and• Pn. Aida Binti Md Daud (Non-INED).
Explanation for departure :	
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

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.

Application :	Applied	
Explanation on application of the practice :	None of Amway's INEDs have reached the maximum nine-year tenure of service as stipulated under the Practice.	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Not adopted	
Explanation on application of the practice :		
Explanation for departure :	Given that Amway is not categorised as a Large Company, the Company has not adopted the above Practice for the financial year.	
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<p>The Board through the NC and guided by the Boardroom Diversity Policy, is responsible for ensuring that 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.</p> <p>Essentially, Amway requires a diverse, multi-skilled and vastly experienced Board consisting of individuals with a wide range of skillsets, competencies 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, it is based purely on merit, although 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"> • The candidate’s independence in the case of the appointment of an INED; and • The composition requirements for the Board and Board Committees (if the candidate is recommended to be appointed to any of the Board Committees). <p>The Boardroom Diversity Policy also includes a requirement to have at least one (1) female Director to be on the Board.</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>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	Amway's Boardroom Diversity Policy includes a target of having at least one (1) female director on the Board. This target has been met since the appointment of Tan Sri Faizah Binti Mohd Tahir to the Board on 8 May 2014. Currently, out of the eight (8) Board members, three (3) Directors including the Chairperson are women. As such, women Directors today comprise 38% of Amway's Board. This exceeds both Amway's Boardroom Diversity Policy and Practice 4.5 of having at least 30% women directors for Large Companies (although Amway is not categorised as a Large Company).	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	The NC undertakes a comprehensive search in the sourcing of new Directors so as to ensure the dynamic injection of fresh ideas and perspectives on a regular basis to Board discussions. This helps to maintain a healthy balance between the experience of existing Directors and the fresh ideas brought in by new members. 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 tapping professional networks and associations, using recruitment agencies, as well as considering the views of using board members of other public listed companies.	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	Dato' Abdullah Thalith Bin Md Thani, an INED, has been the NC Chairman since 29 May 2019. The current NC composition is as follows: <ul style="list-style-type: none">• Dato' Abdullah Thalith Bin Md Thani (Chairman, INED);• En. Abd Malik Bin A Rahman (Member, INED); and• Mr. Scott Russell Balfour (Member, Non-INED).	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

<p>Application :</p>	<p>Applied</p>					
<p>Explanation on application of the practice :</p>	<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="488 678 1337 1794"> <thead> <tr> <th data-bbox="488 678 914 768">Criteria for Board Evaluation:</th> <th data-bbox="922 678 1337 768">Criteria for Individual Director Evaluation</th> </tr> </thead> <tbody> <tr> <td data-bbox="488 779 914 1794"> <ul style="list-style-type: none"> • Evaluation of organisation performance against industry norms and measurement of performance indicators; • Achievement of Board objectives, quality of decisions (value-adding, relevance); • Ability to conduct business honestly, ethically and professionally; • Effective committee structures; • Frequency and duration of board meetings; quality of board papers; relevance and completeness of agendas; • Information and advice received in a relevant, adequate and timely manner; • Consideration of the appropriate mix of Directors’ characteristics, experience and skills; and • Ability to interact with shareholders effectively. </td> <td data-bbox="922 779 1337 1794"> <ul style="list-style-type: none"> • Commitment in terms of time and effort; • Attendance at Board meetings; • Ability to offer insights, add value and contribute with personal knowledge and experience; • Honesty, integrity, professional conduct or business ethics of the Director; • Provides logical opinions and constructive suggestions into the decision-making process; and • Being well prepared and adding value to Board/Committee meetings. </td> </tr> </tbody> </table> <p>Based on the BEE, the Board is satisfied with the performance of its Directors in FY2020.</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>		Criteria for Board Evaluation:	Criteria for Individual Director Evaluation	<ul style="list-style-type: none"> • Evaluation of organisation performance against industry norms and measurement of performance indicators; • Achievement of Board objectives, quality of decisions (value-adding, relevance); • Ability to conduct business honestly, ethically and professionally; • Effective committee structures; • Frequency and duration of board meetings; quality of board papers; relevance and completeness of agendas; • Information and advice received in a relevant, adequate and timely manner; • Consideration of the appropriate mix of Directors’ characteristics, experience and skills; and • Ability to interact with shareholders effectively. 	<ul style="list-style-type: none"> • Commitment in terms of time and effort; • Attendance at Board meetings; • Ability to offer insights, add value and contribute with personal knowledge and experience; • Honesty, integrity, professional conduct or business ethics of the Director; • Provides logical opinions and constructive suggestions into the decision-making process; and • Being well prepared and adding value to Board/Committee meetings.
Criteria for Board Evaluation:	Criteria for Individual Director Evaluation					
<ul style="list-style-type: none"> • Evaluation of organisation performance against industry norms and measurement of performance indicators; • Achievement of Board objectives, quality of decisions (value-adding, relevance); • Ability to conduct business honestly, ethically and professionally; • Effective committee structures; • Frequency and duration of board meetings; quality of board papers; relevance and completeness of agendas; • Information and advice received in a relevant, adequate and timely manner; • Consideration of the appropriate mix of Directors’ characteristics, experience and skills; and • Ability to interact with shareholders effectively. 	<ul style="list-style-type: none"> • Commitment in terms of time and effort; • Attendance at Board meetings; • Ability to offer insights, add value and contribute with personal knowledge and experience; • Honesty, integrity, professional conduct or business ethics of the Director; • Provides logical opinions and constructive suggestions into the decision-making process; and • Being well prepared and adding value to Board/Committee meetings. 					

Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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 to 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.

Application :	Applied	
Explanation on application of the practice :	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 on and decided by the Board as a whole before they are presented for approval by shareholders at the AGM. The determination of remuneration for MD and Senior Management, is based on the Group's performance achievements as well as individual KPIs. For more details, please refer to the Remuneration policies on the Company's website at www.amway.my .	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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 to 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.

Application :	Applied	
Explanation on application of the practice :	<p>The RC is responsible for establishing the framework and determining the remuneration of the Executive Director, 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 Director as well as Senior Management.</p> <p>The Board's RC comprises exclusively of three (3) Non-Executive Directors, the majority of whom are Independent Directors.</p> <p>On 26 February 2020, Dato Abdullah Thalith Bin Md Thani resigned from the RC and Datin Seri Azreen Binti Abu Noh was appointed as a member of the RC on the same day.</p> <p>The current RC composition is as follows:</p> <ul style="list-style-type: none"> • Mr. Scott Russell Balfour (Chairman, Non-INED); • Tan Sri Faizah Binti Mohd Tahir (Member, Senior INED); and • Datin Seri Azreen Binti Abu Noh (Member, INED). <p>The TOR of the RC is available on the Company's website at www.amway.my.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied					
Explanation : on application of the practice	The remuneration of Directors for FY2020 is as follows:					
		Fees	Salaries and other emoluments	Bonus	Allowances	Benefits-in-kind
	Group	RM'000	RM'000	RM'000	RM'000	RM'000
	Executive Director					
	Mr. Michael Jonathan Duong	-	1,620.2	948.8	-	403.7
	Non-Executive Directors ⁽¹⁾					
	Tan Sri Faizah Binti Mohd Tahir	126.5	-	-	12.0	2.2
	Dato' Abdullah Thalith Bin Md Thani	80.2	-	-	13.2	0.3
	Mr. Low Han Kee	65.5	-	-	4.8	2.7
	Mr. Scott Russell Balfour	-	-	-	-	-
	En. Abd Malik Bin A Rahman	82.8	-	-	12.0	2.0
	Datin Seri Azreen Binti Abu Noh	76.1	-	-	10.8	4.9
	Pn. Aida Binti Md Daud	65.5 ⁽²⁾	-	-	4.8	-
		Fees	Salaries and other emoluments	Bonus	Allowances	Benefits-in-kind
	Company	RM'000	RM'000	RM'000	RM'000	RM'000
	Executive Director ⁽³⁾					
	Mr. Michael Jonathan Duong	-	-	-	-	-
	Non-Executive Directors					
	Tan Sri Faizah Binti Mohd Tahir	126.5	-	-	12.0	2.2
	Dato' Abdullah Thalith Bin Md Thani	80.2	-	-	13.2	0.3
	Mr. Low Han Kee	65.5	-	-	4.8	2.7
	Mr. Scott Russell Balfour	-	-	-	-	-
	En. Abd Malik Bin A Rahman	82.8	-	-	12.0	2.0
Datin Seri Azreen Binti Abu Noh	76.1	-	-	10.8	4.9	
Pn. Aida Binti Md Daud	65.5 ⁽²⁾	-	-	4.8	-	

	<p><u>Notes:</u></p> <ol style="list-style-type: none"> 1. The Non-Executive Directors did not receive any remuneration from the Company's subsidiaries. 2. Nominee Director whose Director's fees are paid to Permodalan Nasional Berhad ("PNB"). 3. The Executive Director did not receive any remuneration from the Company. 	
<p>Explanation : for departure</p>		
<p>Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.</p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

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 components including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	<p>While the Board recognises 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 interests of the Group.</p> <p>The KSM consists of the Chief Financial Officer, Chief Sales & ABO Experience Officer, Head of Marketing, Head of Human Resources and Head of Corporate & Government Affairs.</p> <p>The total remuneration of KSM in respect of FY2020 was approximately RM3.43 million. The remuneration package is divided into total cash and benefits, which is between the market median of the 50th percentile to the 60th percentile⁽¹⁾. Additional remuneration such as year-end bonuses or performance rewards is based on merit in relation to the achievement of individual KPIs and the 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 interests of shareholders will not be prejudiced as a result of the non-disclosure of the remuneration for the KSM. The profiles of the KSM are set out in Amway's Annual Report 2020.</p> <p><i>(1) Reference is made to Mercer's 2020 Total Remuneration Survey under the General Industry and Consumer Goods Industry data.</i></p>	
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Not adopted	
Explanation on application of the practice :		
Explanation for departure :	Given that Amway is not categorized as a Large Company, the Company has not adopted the above Practice for the financial year.	
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	The Chairman of the AC is En. Abd Malik Bin A Rahman, while the Chairperson of the Board is Tan Sri Faizah Binti Mohd Tahir. The current AC composition is as follows: <ul style="list-style-type: none">• En. Abd Malik Bin A Rahman (Chairman, INED);• Tan Sri Faizah Binti Mohd Tahir (Member, Senior INED);• Dato' Abdullah Thalith Bin Md Thani (Member, INED);• Datin Seri Azreen Binti Abu Noh (Member, INED); and• Mr. Scott Russell Balfour (Member, Non-INED). The TOR of the AC is available on the Company's website at www.amway.my .	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	The AC's TOR 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 AC. Amway has always complied with this practice, as no former audit partners have ever been appointed to the Board. The TOR of the AC is available on the Company's website at www.amway.my .	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<p>The AC periodically assesses 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"> • Provision of written assurance of independence from the External Auditors; • Level of service, independence and level of non-audit services rendered by them; • Quality and scope of the planning of the audit; • Quality and timeliness of reports furnished to the AC; • Demonstrated level of understanding of the Group's business; and • Communication to the AC about new and applicable accounting practices and auditing standards as well as the impact of these on the Company's and Group's financial statements. <p>The Company has in place a policy on non-audit services provided by the External Auditors. For details of the audit and non-audit fees paid to the External Auditors, please refer to the Corporate Governance Overview Statement within Amway's Annual Report 2020.</p> <p>Having assessed the external audit function, the Board via the AC is satisfied with their overall performance.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Not adopted	
Explanation on application of the practice :		
Explanation for departure :	Given that Amway is not categorised as a Large Company, the Company has not adopted the above Practice for the financial year.	
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	In FY2020, all AC members continued to undergo periodic training relevant to enhance their skills and better fulfil their duties. The AC members were briefed by the External Auditors, Ernst & Young PLT, on the following financial reporting developments during AC meetings held in FY2020: <ul style="list-style-type: none">• Amended MFRS and IC Interpretation; and• New MFRSs issued but not yet effective. 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.	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<p>Amway adopts an Enterprise Risk Management ("ERM") framework which embeds a 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 risks such as business, operational, corruption, financial and regulatory risks.</p> <p>The RMC meets on a quarterly basis to evaluate and deliberate on risk management activities and recommends appropriate measures to mitigate risk exposure.</p> <p>The AC meets quarterly to evaluate the adequacy and effectiveness of the Group's risk management and internal control systems. This involves reviewing the audit findings and recommendations to improve any weakness or non-compliance, as well as reviewing 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") within Amway's Annual Report 2020.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		


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.

Application :	Applied
Explanation on application of the practice :	<p>In its overall approach to manage and mitigate risk to the best extent possible, the Group has developed a comprehensive ERM framework and internal control system, which allows risks to be addressed at the operational, management and Board levels.</p> <p>The Group's ERM process comprises five (5) phases as follows:</p> <div style="text-align: center;">  <pre> graph TD A[Review Business Objectives] --> B[Risk Identification] B --> C[Risk Evaluation] C --> D[Risk Mitigation] D --> E[Risk Monitoring & Review] </pre> </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 RMC 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 within Amway's Annual Report 2020.</p>
Explanation for departure :	
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.	
Measure :	
Timeframe :	

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.

Application :	Not adopted	
Explanation on application of the practice :		
Explanation for departure :	Given that Amway is not categorised as a Large Company, the Company has not adopted the above Practice for the financial year.	
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<p>Amway's internal audit function is outsourced to an independent external professional firm, namely 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 checks and balances on the overall audit process and strategy.</p> <p>The internal audit function reports to the AC on a quarterly basis and its role is set based on the approved risk-based audit plan.</p> <p>During the financial year under review, DRA conducted four (4) internal audit cycles. Further details of the activities of the internal audit function are provided in the AC Report and SORMIC within Amway's Annual Report 2020.</p> <p>In January 2021, KPMG Management & Risk Consulting Sdn. Bhd. was appointed to replace DRA as the latter had been carrying out the internal audit role for the past six (6) years.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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;
- the 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.

Application :	Applied	
Explanation on application of the practice :	<p>The Group has outsourced its internal audit function to DRA, which is an external party. For the financial year under review, the DRA team of four (4) was 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>The audits performed by DRA were in accordance with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. DRA reports directly to the AC.</p> <p>Further details of the internal audit function are provided in the AC Report within Amway's Annual Report 2020.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	<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 or feedback.</p> <p>In essence, the Board and Senior Management have initiated active communication. The following are some examples of active communication that were undertaken during FY2020:</p> <ul style="list-style-type: none"> • Sharing of quarterly interim performance and full year financial results with regulators and the media; • Dissemination of circulars; • Publication of the Company's Annual Report and Group's audited financial statements; • Convening of the AGM to table the Company's Annual Report and to address queries from shareholders; and • Organisation of an analyst briefing with investors and fund managers. <p>Stakeholders can view information announced by Amway on its corporate website at www.amway.my. The Company's corporate information, financial information, company's announcements and other related communications and information are also available on its corporate website.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Not adopted	
Explanation on application of the practice :		
Explanation for departure :	Given that Amway is not categorised as a Large Company, the Company has not adopted the above Practice for the financial year.	
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	The Notice of the 25 th AGM dated 15 May 2020 was distributed 38 days in advance of the fully virtual AGM held on 23 June 2020.	
Explanation for departure		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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.

Application :	Applied	
Explanation on application of the practice :	All eight (8) Directors participated in the 25 th AGM held on 23 June 2020, which was conducted fully virtual through live streaming to facilitate remote shareholders' participation and online electronic poll voting. The Chairmen of the Board Committees also participated remotely to address relevant questions.	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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:

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

Application :	Applied	
Explanation on application of the practice :	<p>In view of the COVID-19 pandemic outbreak and as part of our safety measures, the Company's 25th AGM held on 23 June 2020 was conducted fully virtual through live streaming to facilitate remote shareholders' participation and online electronic poll voting.</p> <p>This is also in line with Practice 12.3 where companies are encouraged to leverage on technology to enable remote shareholders' participation and online voting.</p>	
Explanation for departure :		
Large Companies are required to complete the columns below. Non-Large Companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		