

The Board of Directors recognises and subscribes to the importance of the principles and best practices set out in the Malaysian Code on Corporate Governance ("MCCG"), the Corporate Governance Guide (3rd Edition) as well as the relevant provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Main Market Listing Requirements"). The Board believes that sound corporate governance practices are essential for delivering sustainable value, enhancing business integrity, maintaining investors' confidence and achieving the Group's corporate objectives and vision. The Board remains committed in ensuring the highest standard of corporate governance throughout the Group.

The Board of Directors of the Company is pleased to provide the following statement together with the Corporate Governance Report 2017 of the Company ("CG Report"). This Statement is to be read together with the CG Report which reports the manner in which the Group has applied the key principles of good governance and the extent to which it has observed the corporate governance practices. Where there are gaps in the Company's observation of any of the principles and best practices, the necessary explanations were disclosed for the departure, and the alternative practice it has adopted and how such alternative practice achieves the intended outcome as set out in the MCCG. A copy of the CG Report is available on the Company's website, <https://segi.edu.my/>.

## **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

### **I. Board Roles and Responsibilities**

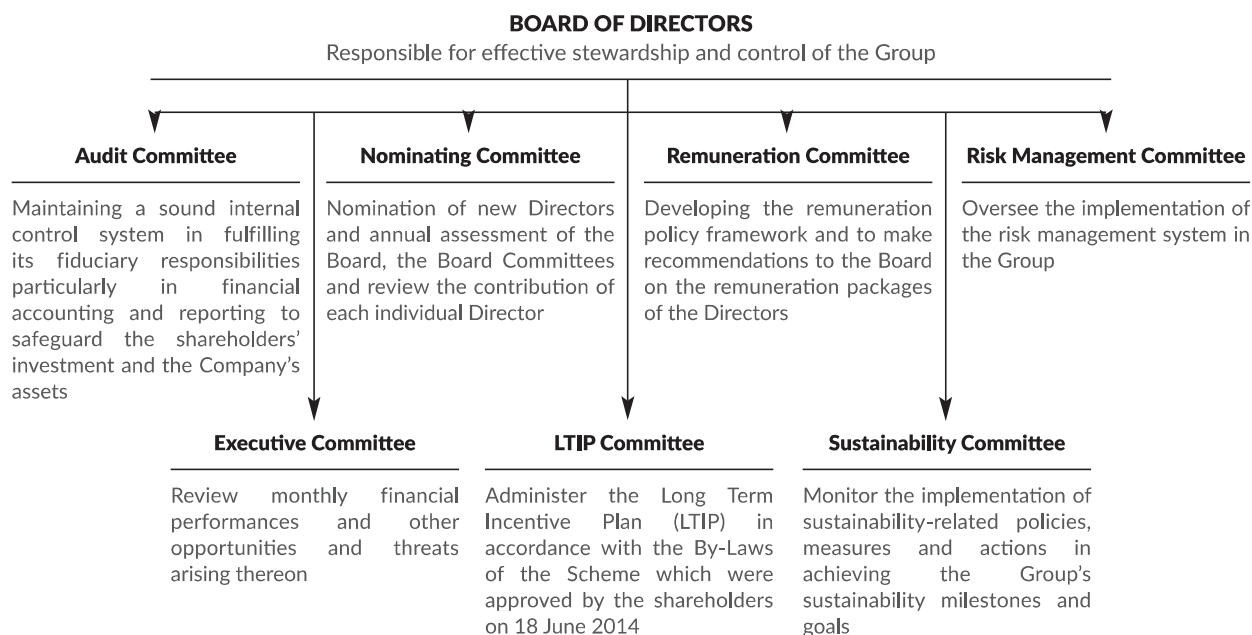
The Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management, monitoring the achievement of these goals and overseeing the investments of the Group. The Board is mindful of its responsibilities to the shareholders and various stakeholders for creating and delivering sustainable value in contributing to the goal of a knowledge-oriented society and long-term success of the Group.

The primary role of the Board is to provide effective governance over the Group's affairs to ensure the interests of shareholders are protected and the confidence of the investors are maintained whilst having regard for the interests of all stakeholders including customers, employees, suppliers and local communities. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board's key responsibilities are to:

- oversee the overall strategic plan and performance of the Group's businesses and develop initiatives for profit and asset growth;
- oversee, evaluate and monitor the conduct of the businesses of the Group and their corporate strategies;
- approve and monitor financial and other reporting as required;
- identify business risks and ensure that the appropriate risk management framework, internal control systems, code of conduct and compliance frameworks are in place and operating effectively and efficiently;
- assess and approve major capital expenditure, acquisitions and divestments;
- ensure the effectiveness of the succession planning of the Group, in particular, the grooming of talents for senior management positions and the progress of the talent pool under the talent management programme;
- ensure that the Board continues to have the blend of skills, experience and attributes appropriate for the Company and its Group's businesses and to this end ensure that appropriate Directors are selected and appointed as required;
- monitor the performance of the Company's management and ensure appropriate resources are available to the management; and
- develop and implement an effective communication channel between the Board, shareholders and general public.

The Board delegated certain responsibilities to the Board Committees as described below with clearly defined terms of reference and the Board receives reports of their proceedings and deliberations. Where committees have no authority to make decisions on matters reserved for the Board, recommendations would be highlighted for the Board's approval. The chairmen of the various committees report the outcome of the committee meetings to the Board, and the minutes of the various committees are enclosed in the board papers at the following Board meetings.



#### **Separation of positions of the Chairman and Managing Director**

The strong independent element of the Board has ensured a balance of power and authority. The clear division of roles and responsibilities of the Chairman and Group Managing Director has further enhanced the existing balance of power and authority.

The Chairman, Tan Sri Dato' Seri Megat Najmuddin bin Dato' Seri Dr. Haji Megat Khas, is an Independent Non-Executive Director. He is responsible for ensuring Board's effectiveness and conduct whilst the Group Managing Director, Tan Sri Clement Hii Chii Kok, has overall responsibility for the operating units, organisational effectiveness and implementation of the Board's policies and decisions.

The Board therefore believes that a balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively. The Board delegates to the Group Managing Director the implementation of the Group's strategic plan, policies and decision adopted by the Board to achieve the Group's objective of creating long term value for its shareholders.

#### **Code of Conduct ("the Code")**

The Board adopted the Code within the aim of emphasising the Company's commitment of ethics and compliance with applicable laws and regulations, setting forth basic standards of ethical behaviour within the Group. The Code sets out obligations that Directors, officers and employees are expected to behave when performing their duties which include but not limited to the following:

- comply with legislation, regulatory and Bursa Securities Main Market Listing Requirements;
- act in the best interest of the Group;
- act honestly and with integrity;
- accountable and responsible; and
- recognise the importance of corporate responsibility.

The Code will be reviewed and updated regularly to meet SEGi's needs and to address the changing conditions of the Company. The Code is available on the Company's website.

### **Whistle-Blowing Policy**

The Board established a whistle-blowing policy so that any employee may report genuine concerns relating to any malpractice or improper conduct related to the Group's businesses. Any whistle-blower acting in good faith is protected from retaliation for raising such allegations. Procedures are in place for investigations and appropriate follow-up actions.

The summary of the whistle-blowing policy is available on the Company's website.

### **Promoting Sustainability**

The Board recognises the importance of sustainability and its increasing impact to the business. SEGi believes that the principles and actions to promote sustainability should be embedded across the Group in all aspects of the Group's operations and other activities. The impact on environment, social and governance aspects should be taken into consideration in conducting the business. The Board is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the community and the requirements of shareholders, and other stakeholders within the Group. Our policy and commitment to sustainability is found in our Sustainability Policy which is available on the Company's website.

Further information on the Group's sustainability practices are set out in the Sustainability Statement in this annual report.

The Board also believes that effective corporate responsibility is of benefit to its businesses and, in turn, to its shareholders. The Group has actively integrated corporate responsibility initiatives as part of our business operations. The Group's corporate responsibility initiatives are explained in our Corporate Responsibility section in this annual report.

### **Corporate Integrity Pledge**

The Board recognises the Anti-Corruption Principles for Corporations in Malaysia and is committed to promote integrity, transparency and good governance in all aspects of its operations.

SEGi believes that it is in the best interests of the Company and to preserve long-term value to shareholders to conduct its business free from corruption and in accordance with the highest principles of integrity.

### **Access to Information and Advice**

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. At SEGi, every Director has access to all information within the Group.

All Directors are provided with Board meeting materials containing information relevant to the business of the meeting, which include but not limited to minutes of the previous meeting, minutes of the Board Committees' meetings, Directors' circular resolutions passed, quarterly results or annual financial statements, any acquisition and disposal proposals, updates from the Bursa Securities, Companies Commission of Malaysia and any other relevant regulatory bodies, related party transactions, report on Director's dealing in securities and changes on their directorships, if any.

Directors are allowed to either participate in person or through other communication channels, such as via tele-conferencing.

The Board has unrestricted access to all information pertaining to the Group's affairs and the services of the Company Secretaries. If necessary, the Directors are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities at the Company's expense to enable them to discharge their duties effectively.

## **Company Secretaries**

The Company Secretaries advise and support the Board on matters in relation to corporate governance, compliance with laws, rules, procedures and regulatory requirements. The Company Secretaries are responsible to the Board for the administration of the Board and in ensuring that the Board carries out its roles and responsibilities in accordance with the Company's Constitution, corporate policies and procedures as well as the applicable laws and regulations.

The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the services and support rendered by the Company Secretaries in discharging their functions and duties.

The Company Secretaries attend the Board and Board Committee meetings and ensure all meetings are properly convened, and the records of proceedings are duly recorded and maintained in the statutory registers of the Company. The Board is updated by the Company Secretaries on matters requiring follow up or implementation.

## **Board Charter**

The Board adopted its Board Charter in 2012 to set out the roles, functions and composition of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board has reviewed the Board Charter on 12 April 2018 to ensure it remains relevant and is in line with the current standards of corporate governance. The Board Charter is available on the Company's website.

## **II. Board Composition**

The Board recognises the benefits of having a diverse Board to ensure decisions are made objectively, taking into account diverse perspectives and insights. The Board members comprise high calibre individuals who are professionals in their respective fields. They, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise primarily in legal, business, financial and academic fields. The mixture of skills and experience is vital to add value in the strategic directions of the Group and ensuring the Group continues to be a competitive leader in the education industry. A brief profile of each Director is presented on pages 6 to 13.

The Board complied with the requirement of one third (1/3) of its members to be independent pursuant to Paragraph 15.02(1) of Bursa Securities Main Market Listing Requirements. There is no individual Director or group of Directors who dominates the Board's decision making.

The Executive Directors have direct responsibilities for business operations and performance. The presence of Independent Non-Executive Directors fulfils a pivotal role in corporate accountability. Although all the Directors have equal responsibilities for the Group's operations, the roles of these Independent Non-Executive Directors are important. They provide independent and objective views, advice and judgement on issues of strategy, business performance and controls. The Independent Non-Executive Directors also act as a check and balance for the Executive Directors and ensure that matters pertaining to strategies, performance and resource allocations proposed by the management are objectively evaluated. The Independent Non-Executive Directors always take into account the interests of the Group, shareholders and communities in which the Group conducts business as well as the public at large.

The Board is committed to the following principles when determining its composition:

- the Board is to comprise of Directors with the blend of skills, experience and attributes appropriate for the Company and its Group's businesses; and
- the principal criterion for the appointment of new Directors is their ability to add value to the Company and its Group's businesses.

The Board reviews the composition and size of its Board from time to time to ensure they meet the above Principles. With the current composition, the Board is satisfied that it represents the required mix of skills, experience, independence and diversity for the Board to discharge its duties and responsibilities effectively.

### Diversities in Gender, Ethnicity and Age

The Board formalised the Board Diversity Policy. The Board currently has representatives from both male and female genders and also a mix of ethnicities, age and competencies. The composition of our Board together with the Senior and Key Management are as follows:

	Total number	Percentage (%)
<b>Gender</b>		
Male	20	66.67
Female	10	33.33
<b>Age Group</b>		
30 – 39 years	2	6.67
40 – 49 years	6	20.00
50 – 59 years	15	50.00
60 years and above	7	23.33
<b>Ethnicity</b>		
Bumiputera	6	20.00
Chinese	19	63.34
Indian	4	13.33
Others	1	3.33

The Board supports the recruitment and development of women across the Group, including women in leadership positions. The Group has a well-balanced representation between genders in the Senior Management as well as the entire staff force.

### Succession Planning Programme

The Exco set up a Succession Planning Committee (“SPC”) in 2013 to oversee the strategy and governance of succession planning. The members of the SPC consists of an Executive Director and a Non-Executive Director. Certain members of the Senior Management are invited to join the meetings. The scope of the SPC covers positions across all levels but focuses particularly on critical key positions of the Group.

During the year, the SPC together with the Group People Management department (“GPM”) has developed and implemented a talent management and development programme (“HiPo”) to identify and develop talents for leadership, including the critical risk positions. The HiPo programme is on-going. 3 block sessions were conducted in June, July and August respectively. As for the on job training (“OJT”), GPM is still in the midst of developing the programme where the talent pool needs to be exposed to different roles and functions.

### III. Nominating Committee

The Nominating Committee is entrusted with the specific task of identifying and recommending new nominees to the Board. The Board has the final decision on appointments after considering the recommendations of the committee.

The Nominating Committee comprises exclusively Non-Executive Directors, as follows:

Tan Sri Dato' Seri Megat Najmuddin bin Dato' Seri Dr. Haji Megat Khas Independent Non-Executive Director	- Chairman
Dato Goh Leng Chua Independent Non-Executive Director	- Member
Edwin Fua Chye Jin Non-Independent Non-Executive Director	- Member

The Board is satisfied that Tan Sri Dato' Seri Megat Najmuddin bin Dato' Seri Dr. Haji Megat Khas is capable to be the Chairman of the Nominating Committee and the committee is able to discharge its duties effectively through a formal and transparent process, in compliance with applicable law and regulations and maintaining a high standard of corporate governance.

The committee met once during the year under review.

#### Nomination and Appointment of Directors

The process of identifying and nominating new candidate(s) for appointment entails the following steps:

- Stage 1 : Identification of candidate(s)
- Stage 2 : Evaluation of suitability of candidate(s)
- Stage 3 : Recommendation to the Board for approval.

The proposal for new appointment(s) including those proposed by the major shareholders and other Board members, will be tabled for assessment and evaluation before the committee recommends to the Board for approval.

In evaluating the suitability of a candidate, the committee takes into account objective criteria such as qualifications, skills, experiences, professionalism, integrity and time commitment of the candidate, and diversity required on the Board in the context of the Group's strategic direction. In the case of evaluating a potential Independent Director, the committee assesses the candidate's ability to be impartial and capability of providing objective judgement in boardroom deliberations.

The Company Secretaries ensure that all appointments are properly made and all necessary information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory and regulatory requirements obligations, including obligations arising from the Bursa Securities Main Market Listing Requirements.

The committee also periodically examines the effectiveness of its present size in discharging its duties.

The Nominating Committee conducts annual assessment of the Board in respect of their skills, experience, contributions and other qualities including core competencies. The committee also assessed the Independent Directors on their ability to discharge their duties with unbiased and independent judgement.



## **Summary of Activities carried out during the financial year**

### Evaluation on the performance of the Board and Board Committees

In respect of the financial year under review, the committee conducted a self-appraisal by the Directors to evaluate the Directors based on the following:

- (a) on the effectiveness of the Board and its Committees as a whole based on specific criteria, covering areas such as Board structure and operation, the required mix of skills and experience of the Directors and Board Committees, principal responsibilities of the Board and Board Committees, size of non-executive participation and Board governance; and
- (b) on the contributions of individual Director and Committee member based on specific criteria, including contributions to deliberations, role and duties, knowledge, expertise, integrity, time commitment, independence and training programmes attended.

The overall ratings of the appraisals were above average and the committee was satisfied that:

- (a) all Directors have performed satisfactorily in their respective roles;
- (b) the size of the Board is optimum and that there is an appropriate mix of knowledge, skills, attributes and core competencies in the composition of the Board;
- (c) the composition of the Audit Committee is satisfactory and the members have sufficient and relevant expertise in fulfilling their roles and responsibilities; and
- (d) the Board consists of a good balance of independent directors and the directors are capable to resolve potential areas of conflicts that may impair their independence.

The committee also evaluated the changes on certain Board committees to strengthen the effectiveness of the Board. The changes were recommended to the Board for approval and it was duly adopted by the Board.

### Election and Re-election

In accordance with the Constitution of the Company, all Directors who are appointed by the Board are subject to retirement and eligible for election by shareholders at the annual general meeting following their appointment. The remaining Directors will retire at regular intervals by rotation at least once every three years and shall be eligible for re-election.

The committee reviewed and deliberated on the list of Directors to retire by rotation, together with the results of the evaluation for re-appointment of the respective Directors. The Committee was satisfied with their performance and recommended to the Board to table the resolutions for the re-election of the Directors retiring at the Company's annual general meeting.

### Annual Assessment of Independence and Tenure of Independent Directors

The Board recognises the importance of independence and objectivity in its decision making process. The committee assessed the Independent Directors' independence based on the criteria set out in Bursa Securities Main Market Listing Requirements.

In respect of the financial year under review, the rating results of the self-assessment checklist for Independent Directors demonstrated the Directors' independence in their judgement and clarity of thought in problem solving.

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative or consecutive term of a total of nine years as per the recommendation of the MCCG. However, the Board is of the opinion that the ability of a Director is very much a function of his calibre, qualification, experience and personal qualities, particularly of his integrity and objectivity, regardless of his tenure as an Independent Non-Executive Director.

Notwithstanding that Tan Sri Dato' Seri Megat Najmuddin bin Dato' Seri Dr. Haji Megat Khas and Dato' Amos Siew Boon Yeong served the Company as Independent Directors for more than nine years, the Board has evaluated and agreed that both the Independent Directors:

- met the independence guidelines as set out in Chapter 1 of Bursa Securities Main Market Listing Requirements;
- have actively participated in the Board's deliberations, provided objectivity in decision making as they possess in-depth knowledge of the Company's operations, and were impartial in their opinion to the Board;
- are unafraid to express an unpopular stance on issues and approaches any transactions that require Board's approval with a watchful eye and an inquiring mind;
- have contributed sufficient time and exercised due care during their tenure as Independent Directors of the Company, and carried out their professional duties in the interest of the Company and shareholders; and
- have vast experience, expertise and the ability to make independent judgment to challenge management in an effective and constructive manner.

The Board, based on the review and recommendations made by the Nominating Committee, was satisfied with them as Independent Directors of the Company. The Board recommended their retention as Independent Non-Executive Directors based on the reasons enumerated above and will seek shareholders' approvals at the forthcoming Annual General Meeting ("AGM") for their retention as Independent Directors.

#### **IV. Remuneration Committee**

The Board has set up its Remuneration Policy. The Remuneration Policy is designed to support key business strategies and create a strong, performance-orientated environment.

The Executive Directors do not participate in decisions relating to their remuneration. The Board as a whole determines the remuneration of the Directors. The individual concern abstains from participating in decisions in respect of his/her individual remuneration.

The Remuneration Committee carried out an annual review of the Directors' remuneration whereupon recommendations were submitted to the Board for approval. The Remuneration Committee will ensure the Directors' remuneration packages are aligned with the Group's business strategy and long term objectives.

During the financial year under review, the committee reviewed and recommended the remunerations of the Executive Directors to the Board for its approval. The Committee further recommended the Non-Executive Directors' fees to the Board for shareholders' approval at the Company's forthcoming AGM.

The Remuneration Committee consists of a majority of Non-Executive Directors, as follows:

<b>Tan Sri Dato' Seri Megat Najmuddin bin Dato' Seri Dr. Haji Megat Khas</b> Independent Non-Executive Director	- Chairman
<b>Tan Sri Clement Hii Chii Kok</b> Group Managing Director	- Member
<b>Nicholas Rupert Heylott Bloy</b> Non-Independent Non-Executive Director	- Member

The committee met once during the year under review.



### Directors' Remuneration

The aggregate remuneration of Directors for the financial year ended 31 December 2017, in respective band of RM50,000 are as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM0	-	2
RM50,001 to RM100,000	-	3
RM100,001 to RM150,000	1	-
RM650,001 to RM700,000	1	-
RM700,001 to RM750,000	-	1

*Note: Successive bands of RM50,000 are not shown entirely as they are not represented.*

The details of the remuneration for the Directors of the Company for the year under review are disclosed in the CG-Report.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit Committee

The Audit Committee assists the Board in discharging its duty in maintaining a sound internal control system and in fulfilling its fiduciary responsibilities particularly in financial accounting and reporting to safeguard the shareholders' investment and the Company's assets.

The terms of reference of the Audit Committee can be viewed at the Company's website and further information on the Audit Committee are set out in the Report of the Audit Committee.

#### Compliance with Applicable Financial Reporting Standards

The Board aims to present a balanced and understandable assessment of the Group's financial performance and prospects to the shareholders, primarily through its annual financial statements and unaudited interim results, as well as other corporate announcements, the Chairman's Statement and other reports in the Annual Report. The Audit Committee assists the Board in reviewing the annual financial statements and unaudited interim results to ensure accuracy and adequacy. The Board also takes responsibility to ensure that these financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards in Malaysia.

The Statement of Directors' Responsibilities pursuant to the Bursa Securities Main Market Listing Requirements is set out on page 100 of this Annual Report.

#### Assessment of Suitability and Independence of External Auditors

The role of the Audit Committee in relation to external auditors is described in the Audit Committee Report set out in the ensuing pages of this Annual Report. The Company has maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with applicable approved accounting standards in Malaysia.

The external auditors have full access to the books and records of the Group at all times. From time to time, the external auditors highlight and update the Audit Committee on matters that require their attention.

The Audit Committee meets with the external auditors at least twice a year to discuss their audit plan, audit findings and the Company's financial statements. At least twice a year and whenever necessary, the Audit Committee will meet with the external auditors without the presence of executive Board members or management personnel, to allow the Audit Committee and the external auditors to exchange independent views on matters which require the Audit Committee's attention.

The external auditors are also invited to attend the Company's AGM and are available to answer any questions from shareholders on the conduct of the statutory audit and the contents of the annual audited financial statements.

During the year under review, the Audit Committee met twice with the external auditors without the presence of the management and Executive Directors to discuss any issues the external auditors may raise. No significant issues were raised during these meetings. The external auditors have declared their independence to the Audit Committee and their compliance with By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The Audit Committee also carried out an annual assessment on the performance, suitability and independence of the external auditors based on the following key areas:

- i) quality of service;
- ii) capability of the audit team;
- iii) sufficiency of resources;
- iv) scope of audit and planning;
- v) audit fees and non-audit fees, if any, including the nature and extent of the non-audit services rendered and the appropriateness of the level of fees;
- vi) communication and interaction; and
- vii) independence, objectivity and professional scepticism.

The Audit Committee also took into consideration the comments and viewpoints of the management during the annual assessment.

The Committee acknowledged their sound technical expertise, credibility and capability in carrying out the audit of the Group and recommended to the Board for their re-appointment in the forthcoming AGM. The Board, after deliberating on the audit team's effectiveness and their performance, supported the recommendation of the Audit Committee to recommend Messrs. Ernst and Young for re-appointment in the forthcoming AGM.

The Audit Committee also considered the non-audit services provided by the external auditors during the year ended 31 December 2017 and concluded that save for the following, there were no significant non-audit services provided by the external auditors:

<b>Non-Audit fees</b>	<b>RM</b>
Review of Directors' Statement on Risk Management and Internal Control	7,000

#### **Related Party Transactions**

An internal compliance framework exists to ensure that the Group meets its obligations under the Bursa Securities Main Market Listing Requirements for any related party transactions and conflict of interest situation which may arise within the Company or the Group. The Board, through the Audit Committee, reviews material related party transactions, if any. A Director who has an interest in a transaction will abstain from deliberating and voting on the relevant resolution in respect of such transaction at the Board meeting.

During the year under review, the Internal Auditor has reviewed the related party transactions and reported that those related party transactions did not trigger any disclosure requirements pursuant to the Bursa Securities Main Market Listing Requirements.

## II. Risk Management and Internal Control Framework

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control in the Company and the Group. The risk management and internal control system are designed to manage, and not to eliminate, the risks faced by the Group within acceptable and appropriate level. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Directors' responsibilities for the Group's system of internal controls cover not only the financial aspects but also compliance and operational controls. The Board also considers risks management matters and reviews the adequacy and integrity of the risk management system. The Group has formal Standard Operating Procedures which are reviewed from time to time. The risk management and internal control system are also regularly reviewed by senior management and recommendations are made to the Audit Committee and Board for approval.

### Risk Management Committee

The Risk Management Committee is established to oversee the implementation of the risk management system in the Group. The committee reports directly to the Board and assists the Board in overseeing the risk management processes of the Group.

The key components of the risk management and internal control system are set out in the Statement on Risk Management and Internal Control.

The Risk Management Committee consists of the following members:

<b>Dato' Amos Siew Boon Yeong</b> Independent Non-Executive Director	- Chairman
<b>Datuk Mohamed Azahari bin Mohamed Kamil</b> Non-Independent Non-Executive Director	- Member
<b>Hew Moi Lan</b> Executive Director/Group Chief Executive Officer	- Member
<b>Edwin Fua Chye Jin</b> Non-Independent Non-Executive Director	- Member

The Group recognises that risk is an integral and unavoidable component of its business and is committed to managing all risks in a proactive and effective manner. The Risk Management Committee is assisted by the RMC Working Committee.

The RMC Working Committee, comprising the heads from various business units and corporate departments, was formed to identify, evaluate and manage risks that affect the operations and performance of the Group. The principal risks identified will then be highlighted in the Risk Management Committee meetings and Board meetings. Appropriate actions were proposed and implemented to mitigate the risks to an acceptable level.

The Risk Management Committee met twice during the year under review.

The Committee has reviewed and updated the Risk Management Policy in 2017 to ensure the Policy is in line with the 2017 MCCG. The Committee is applying ISO 31000:2009 Risk management framework closely to ensure effectiveness of the risk management system.

### **Internal Audit Function**

The Board has established an in-house internal audit department to assist the Audit Committee and the Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management, internal control and governance systems.

The Internal Audit department is staffed by 3 professionals and it is led by Mr. Chow, Kim Wai (Director, Internal Audit). He holds a Bachelor of Commerce (majoring in Accounting) and is currently members of the following reputable professional bodies i) Chartered Accountant, Malaysian Institute of Accountant; ii) CPA, CPA Australia and iii) Chartered Member, The Institute of Internal Auditors Malaysia.

The Internal Audit Charter is established to ensure the Internal Audit function is free from any relationship resulting in a conflict of interest, which could impair their objectivity and independence. In addition, Internal Audit SOP is established to ensure the Internal Audit function carries out their duties closely in line with the International Professional Practices Framework (IPPF).

During the financial year ended 31 December 2017, the Internal Audit function carried out the following activities to assure the Audit Committee regarding the risk management, internal control and governance state of the Group:

- i) Based on the approved 2017 Internal audit plan which was formulated after considering key business processes and risks of the Group, carried out internal audits on SEGi University and Colleges and key Corporate offices.
- ii) Tabled Internal Audit reports and follow-up audit results to the Audit Committee and Management to ensure agreed actions plan are indeed carried out to address significant findings;
- iii) Reported to the Audit Committee any special audit reports which are not covered in the approved internal audit plan. Special audit assignments are value added services requested by the Management in relation to compliance, governance, risk management and internal controls.
- iv) Updated Audit Committee on the compliance level by the Internal Audit function in relation to IPPF and actions plans to be carried out for certain areas which are not fully in line with such standard.

The total cost incurred for the Internal Audit function for the financial year ended 31 December 2017 was approximately RM313,660.

Details of the Company's internal control processes are presented in the Statement on Risk Management and Internal Control which appears in the ensuing pages of this report.

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### **I. Communication with Stakeholders**

The Group is committed to maintain a high standard for the dissemination of relevant and material information on the development of the Group. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to stakeholders.

The Group welcomes inquiries and feedbacks from shareholders and other stakeholders. All queries and concerns regarding the Group may be conveyed to the following persons:

- i. **Cheryl Chong Poh Yee**  
Group Chief Financial Officer
- ii. **Hew Ling Sze**  
Company Secretary

Telephone number : 603 6287 3777  
Facsimile number : 603 6145 2679  
Email : corporate@segi.edu.my

The Board has appointed Dato' Amos Siew Boon Yeong, a Senior Independent Non-Executive Director, to whom all concerns regarding the Company may be conveyed.

### **Corporate Disclosure Policies and Procedures**

The Company is committed to provide timely, accurate and credible disclosure of material information, in compliance with disclosure requirements of Bursa Securities Main Market Listing Requirements and all other applicable legal and regulatory requirements, in order to keep our stakeholders, shareholders and other market participants fully informed and to enable orderly behaviour in the market.

The Company has in place policies and procedures ("the Disclosure Policy") to ensure comprehensive, accurate and timely disclosures. The objectives of the Disclosure Policy are to develop and maintain realistic investor expectations by ensuring all required disclosures are made on a broadly disseminated basis. It is imperative to ensure all our stakeholders and shareholders have equal access to such information. Contacts and communication with stakeholders, shareholders, other market participants or regulatory authorities are conducted through the authorised spokesperson or any other officers as may be authorised by the authorised spokesperson.

### **Leverage on Information Technology for Effective Dissemination of Information**

The Group's corporate website at [www.segi.edu.my](http://www.segi.edu.my) provides quick access to information about the Group. The information on the website includes corporate profile, key management profiles, corporate policies and annual report of the Company. The corporate website also incorporates an Investor Relations section which provides all relevant information on the Company which is accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and press releases.

## **II. Conduct of General Meetings**

### **Shareholders' Participation at General Meetings**

The AGM provides a platform for two-way communication between the Company and shareholders. The notice and agenda of AGM together with the Form of Proxy are given to shareholders at least twenty-one days before the meeting to give the shareholders sufficient time to prepare themselves to attend the AGM either in person, by corporate representative or by proxy.

The Board observes the requirement under the Practice 12.1 of MCGG to serve notice for at least 28 days prior to the meeting, and will strive for it to ensure the shareholders are given sufficient notice and time to peruse the annual report and consider the resolutions that will be discussed and decided at the General Meetings.

The Chairman and the Board encourage shareholders to attend and participate in the AGM, as it forms an important platform where the shareholders can engage directly with the Board and the management and take the opportunity to raise questions and seek clarification on any matters pertaining to the business and financial performance of the Group. The Directors and senior management, together with the External Auditors, are available to respond to questions from the shareholders during the meeting.

## Poll Voting

The Board will implement poll voting for all the resolutions to be passed in the forthcoming AGM. The Company will appoint one (1) scrutineer, who is independent of the Group and the person undertaking the polling process, to validate the votes cast.

## FOSTER COMMITMENT

### Time Commitment

The Directors observe the recommendations of the MCCG that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

The Board with the assistance from the Company Secretaries will draw a proposed timetable for the Board and Board Committees meetings, including AGM, to be held in the next calendar year, to ease the Directors in planning their schedules to attend the Board and Board Committees meetings.

The Board meets on a scheduled basis, at least once every quarter with additional meetings held as and when urgent issues arise and important decisions are required to be made between the scheduled quarterly meetings. The Board has a formal schedule of matters reserved to it for decision, including the approval of annual and quarterly results, major acquisitions and disposals, material contracts or agreements, major capital expenditures, major decisions affecting business operations and performance of the Group. All Board members exercise independent judgement when deliberating matters concerning the Group including strategy, operations, performance, finance, resources and standard of conduct.

Senior management and/or external advisors may be invited to attend the Board meetings to advise the Board on issues under their respective purview.

The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities. During the year ended 31 December 2017, five meetings were held. The attendance of the Board of Directors are as follows:

Name of Directors	No. of meetings attended
Tan Sri Dato' Seri Megat Najmuddin bin Dato' Seri Dr. Haji Megat Khas	5 out of 5 (100%)
Tan Sri Clement Hii Chii Kok	5 out of 5 (100%)
Datuk Mohamed Azahari bin Mohamed Kamil	2 out of 2 (100%)
Hew Moi Lan	5 out of 5 (100%)
Nicholas Rupert Heylett Bloy	3 out of 5 (60%)
Dato' Amos Siew Boon Yeong	5 out of 5 (100%)
Dato Goh Leng Chua	5 out of 5 (100%)
Edwin Fua Chye Jin	5 out of 5 (100%)

The Directors will also ensure that they must not hold directorships at more than five public listed companies to ensure that their commitment, resources and time are more focused to enable them to discharge their duties effectively.

### Training and Development of Directors

Mandatory Accreditation Programme will be organised for newly appointed Directors, if necessary. The Directors who have completed the Mandatory Accreditation Programme continuously attend various training programmes to stay abreast with developments in the market place and new statutory and regulatory requirements. The Board recognises the importance of Directors keeping abreast with industry development and trends. The Directors are also regularly updated on new and relevant statutory as well as regulatory guidelines during the Board meetings.



The Company regularly identifies relevant training programmes, either internal or external, for the Directors and members of the Board Committees. During the year under review, the Directors attended education programmes and seminars in connection to the relevant changes in laws and regulations, updates on accounting and auditing standards, practices and rules, capital market developments, corporate governance, corporate responsibility and sustainability, risk management, leadership and business management to stay abreast with developments in the market place. Among the relevant programmes/trainings attended were as follows:

Director	Name of Programme	Date
Tan Sri Dato' Seri Megat Najmuddin bin Dato' Seri Dr. Haji Megat Khas	Petronas Board Strategic Training	22 – 24.01.2017
	Sustainability Engagement Series for Directors/Chief Executive Officer	13.03.2017
	Global Emerging Markets Regulatory Conference 2017	14.03.2017
	Petronas Board Strategic Training	17 – 18.03.2017
	Bank Negara's Governor Address on Economy	24.03.2017
	Assessment of Directors	11.04.2017
	Fraud Risk Management Workshop	13.07.2017
	Bursa CG Breakfast Series – "Board Excellence : How to Engage and Enthuse Beyond Compliance with Sustainability"	17.07.2017
	Stepping up Corporate Governance, Compliance and Anti-Corruption Practices	20.07.2017
	The Asian Captive Conference 2017	16 – 17.08.2017
	Khazanah Megatrends Forum 2017	02 – 03.10.2017
	Corporate Governance Breakfast Series entitled Integrating an Innovation Mindset with Effective Governance	07.10.2017
Tan Sri Clement Hii Chii Kok	Sustainability Reporting	03.11.2017
Hew Moi Lan	Sustainability Reporting	03.11.2017
Nicholas Rupert Heylett Bloy	Views from the top : Private Investment Opportunities amid global volatility	06 – 09.09.2017
	Private equity Leaders' panel : The new normal	19.09.2017
	M&A : The South East Asia Story	19.09.2017
	Getting your money out	27.09.2017
	Middle market opportunities : an Asian sweet spot	15.11.2017
Datuk Mohamed Azahari bin Mohamed Kamil	Sustainability Engagement Series	13.03.2017
Dato' Amos Siew Boon Yeong	Criminal Risk Prevention for Entrepreneur	07.07.2017
	National Tax Conference 2017	25 – 26.07.2017
	Conversation with Auditors of Public Interest Entities and Schedule Funds	11.10.2017
	Going Concern – ISA 570 (Revised)	16.10.2017
	Seminar Percukaian Kebangsaan 2017	02.11.2017
	MIA International Accountants Conference 2017	07 – 08.11.2017
	8 <sup>th</sup> SBY Tax & Corporate Review	23.11.2017
	(one of the Key Speaker on the Seminar)	
	Professional Skepticism for Audit Engagement Leaders Program	29.12.2017

Director	Name of Programme	Date
Dato Goh Leng Chua	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers	24.10.2017
Edwin Fua Chye Jin	Sustainability Reporting	03.11.2017
	Companies Act 2016 – Key Insights and Implication for Directors, Auditors/Accountants & Company Secretaries	13.03.2017
	Company Valuation, Restructuring & Funding – (Views on valuations techniques and key issues by Damodaran)	17.03.2017

The Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

#### **COMPLIANCE STATEMENT**

The Board has taken steps to ensure that the Group complied with the principles and practices of the MCCG. The Board will take the initiative and effort to enhance those departures disclosed above and in the CG Report, or consider for alternative measures, if necessary.

The Board believes that there is always room for improvement and are continuously exploring new measures and opportunities to enhance the system of governance and meet stakeholder expectations.

This statement was approved by the Board of Directors during the Board Meeting held on 12 April 2018.