

CORPORATE GOVERNANCE REPORT

STOCK CODE	5255
COMPANY NAME	ICON OFFSHORE BERHAD
FINANCIAL YEAR	December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Company and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively.</p> <p>The Board assumes the following responsibilities to facilitate the Board in discharging its fiduciary and leadership functions:</p> <ul style="list-style-type: none"> a) Ensures “ Corporate Mission, Vision and ICON’s Core Values” are adopted across the Group to promote and implement good corporate culture within the Group which reinforces ethical, prudent and professional behavior; b) Ensures management proposals which require Board’s approval are tabled at the Board meetings for review, deliberation and adoption prior to implementation. Relevant reports would be updated at Board meetings for noting; c) Ensures that the strategic plan of the Company supports long-term value creation and includes economic, environmental and social considerations underpinning sustainability; d) Ensures that Senior Management has the necessary skills and experience. The Nomination and Remuneration Committee (NRC), in assisting the Board, carries out annual assessment on fit and proper of the key Senior Management personnel. The NRC also ensures that there are measures in place to provide for succession of the Board and Senior Management; e) Supervises and assesses management performance to determine whether the business is being properly managed; f) Ensures there is a sound framework for internal controls and risk management; g) Understands the principal risks of the Company’s business and recognises that business decisions involve taking of appropriate

	<p>risks. The Audit and Risk Management Committee, in assisting the Board, submit the quarterly reports on the risks position of the Group.</p> <ul style="list-style-type: none"> h) Sets the risk appetite within which the Board expects Management to operate and ensures that there is an appropriate risk management framework to identify, analyze, evaluate, manage and monitor significant financial and non-financial risks; i) Ensures that the Company has in place procedures to enable effective communication with stakeholders. Channel of communication with stakeholders adopted by the Company includes Annual Report, General Meetings with shareholders, website etc.; and j) Ensures integrity of the Company's financial and non-financial reporting. <p>Apart from the above, the Board has also delegated specific responsibilities to the Board Committees. While the Board Committees have the authority to examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the entire Board.</p> <p>The Board has adopted a schedule of matters specifically reserved for its approval which include, amongst others, reviewing and approving the following:</p> <ul style="list-style-type: none"> a) Major corporate strategy and annual budget; b) Major capital expenditures, capital management and acquisitions/divestments; c) Establishment of Board Committees, their membership and delegated authorities; d) Financial and other major reporting to the market, shareholders, employees and other stakeholders; e) Necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

*ICON is classified as a Non-large Company by virtue of it not being on the FTSE Bursa Malaysia Top 100 Indexed Company, nor have a market capitalization of above RM2 billion.

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>YM Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda has a strong presence as Chairman of the Company and is able to provide effective leadership, strategic direction and necessary governance to the Group.</p> <p>In fulfilling this role, the Chairman, among others:</p> <ul style="list-style-type: none">a) Provides the overall leadership to the Board, without limiting the principle of collective responsibility for Board's decisions;b) Participates in the selection of Board members and ensuring that the membership is properly balanced;c) Chairs the Meetings of the Board in such a manner that will stimulate debate on issues amongst the Board and encourages the most effective contribution from each Director. The Chairman will ensure that the agenda and all necessary Board papers are given to Directors in sufficient time to enable the papers to be adequately considered before the Meeting of the Board;d) Reviews the Minutes of Meetings of the Board to ensure that the said Minutes are accurately reflected the Board's deliberations and decisions, and matters arising from the Minutes have been dealt with and addressed;e) Monitors the Board performance as a whole;f) Ensures the membership of the Board is appropriately skilled to meet the requirements of the Company;g) Assists in Board's discussions to address the key issues facing by the Company;h) Initiates the establishment of Board Committees and ensures that the said Committees achieved their objectives based on their respective Terms of Reference;i) Guides and promotes the on-going efficacy and development of the Board and its individual Director; andj) Fastens high corporate governance. <p>The roles and responsibilities of the Chairman are also spell out in the Board Charter which is published on the Company's website at www.iconoffshore.com.my.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 :	The Chairman, YM Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda, and Captain Hassan bin Ali who was appointed as Acting Chief Executive Officer ("CEO") to replace the former Managing Director ("MD"), Amir Hamzah bin Azizan who had resigned on 30 November 2017, are holding separate position in the Company, and their respective roles and responsibilities are governed in the Board Charter. The separation of roles and responsibilities of the Chairman and Acting CEO/MD are clearly defined in the Board Charter which is published on the Company's website at www.iconoffshore.com.my .	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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	:	The Board is supported by two qualified and competent Company Secretaries and the Board is satisfied of the performance of the Company Secretaries that they have provided sound governance advice, ensure adherence to rules and procedures and advocated the adoption of corporate governance best practices.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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>Members of the Board and Board Committees are provided with proper notices of Meetings together with the agenda, and the relevant meeting papers by Management at least three (3) days prior to each Meeting, to allow reasonable time for them to review the meeting papers and enable full deliberation on the issues to be considered at the respective Meetings. However, Guidance 1.5 requires meeting materials to be circulated at least five (5) business days in advance of the meeting.</p> <p>The Minutes of Meetings of the Board and Board Committees which include a record of the deliberations, decisions and resolutions of the Meetings are circulated to all the Board and Board Committees members for review and thereafter for confirmation at the next Meetings of the Board or Board Committees. The signed Minutes of the Board and Board Committees are entered into the Minutes Books kept at the registered office.</p>
Explanation for departure	:	The Board has resolved that meeting papers are to be circulated at least three (3) days prior to each Meeting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and board 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 Company's Board Charter clearly identifies the respective roles and responsibilities of the Board of Directors, Chairman, MD/Acting CEO and Board Committees. It also clearly identifies the issues and decisions reserved for the Board.</p> <p>Apart from the above, the Board Charter also outlines the conduct of the Board, Board procedures, Board nomination and election process, Board and member evaluations, Board succession planning, relationship of the Board with Management and etc.</p> <p>The Board reviews the Board Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.</p> <p>The Board Charter is published on the Company's website at www.iconoffshore.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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>The Board has established the following Code of Conducts and Ethics for adherence by relevant parties:</p> <ul style="list-style-type: none"> a) Directors' Code of Ethics; b) Employees' Code of Ethics; c) Service Providers' Code of Conduct. <p>Detailed explanation on the above-mentioned Code of Conducts and Ethics can be found in the Corporate Governance Overview Statement - Principle A: Board Leadership and Effectiveness of the Annual Report 2017.</p> <p>The above mentioned Code of Conducts and Ethics are published on the Company's website at www.iconoffshore.com.my.</p> <p>The above-mentioned Code of Conducts and Ethics shall be reviewed by the Board of the Company periodically or when internal or external events warrant a more frequent review to be undertaken and make such amendments to the said Code as the Board may deem to appropriate.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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 behavior 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>The Board has established the Anti-Fraud and Whistle-blowing Policy (“Policy”) for adoption as described in the Corporate Governance Overview Statement - Principle A: Board Leadership and Effectiveness of the Annual Report 2017.</p> <p>The Policy provides contact details of the Senior Independent Non-Executive Director and Head of Corporate Governance and Risk Management, as the avenue for stakeholders to raise concerns on any wrongdoing that they observe in the Company and its subsidiaries.</p> <p>The Policy will be reviewed by the Board periodically or on ad hoc basis to assess its relevance and effectiveness.</p> <p>The Policy is published on the Company’s website at www.iconoffshore.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is supportive of objective and independent deliberation review and decision-making.</p> <p>Currently, the Board comprises eight (8) Directors, with six (6) out of eight (8) Directors being Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. This is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities which states that at least two (2) directors or one-third (1/3) of the Board of Directors of a listed issuer, are Independent Directors.</p> <p>Pursuant to the definition of independence under the Listing Requirements of Bursa Securities, all of the six (6) Independent Directors have satisfied their independence in the yearly assessment of the Independent Directors during the financial year ended 31 December 2017.</p> <p>The Board comprises a majority of Independent Directors which represents 75% of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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	:	Presently, there are no Independent Directors serving beyond 9 years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has established a policy which limits the tenure of its Independent Directors to nine (9) years, which was incorporated in the Board Charter and Independence of Independent Directors Policy and Procedure.</p> <p>A copy of the Board Charter is available on the Company's website at www.iconoffshore.com.my.</p>

Intended Outcome

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

Practice 4.4

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

Application	: Applied
Explanation on application of the practice	<p>The Nomination and Remuneration Committee ("NRC") is responsible for making recommendations for the appointment of Directors to the Board including the election/re-election of retiring directors at the Annual General Meeting ("AGM").</p> <p>The Board has established the following criteria in assessing new candidates for appointment to the Board, which include but not limited to the following:</p> <ul style="list-style-type: none">a) Skills and competency;b) Knowledge and expertise;c) Regional and industry experience;d) Academic and professional qualifications;e) Background, race, gender, age and nationality;f) High personal and professional ethics, integrity and values;g) Ability to devote the required amount of time to carry out the duties and responsibilities of Board membership;h) Not a bankrupt and business stability to devote significant time, energy and resources;i) Other directorship;j) In the case of candidates for the position of Independent Non-Executive Director, the Committee should also evaluate the candidates' ability to discharge responsibilities / functions as expected from Independent Non-Executive Director. <p>For the position of Independent Non-Executive Directors, the NRC shall evaluate the candidate, at a minimum, with reference to the definition of "Independent Director" as stipulated by the Listing Requirements of Bursa Securities.</p> <p>While the Board supports the gender diversity and recognises the benefits that it can bring, the Board believes that any new appointment should be based on merits and capability.</p> <p>The appointment of C-Suites who are the Senior Management of the Company is based on character, experience, integrity, competency and time to discharge their role. The appointment of C-Suites will also be tabled to the NRC for review and approval.</p>

	The Board pursues diversity in both the Board level and Senior Management. The Board recognises a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decisions.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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	:	<p>The Board, through its NRC, takes into consideration gender diversity for appointment of Board members. The Company is not classified as "Large Company". The Board currently consists of eight (8) members and two (2) of its members are women namely, Madeline Lee May Ming and Farina Binti Farikhullah Khan and targets to improve further on gender diversity ratio in the near future.</p> <p>The criteria for assessing new candidates for appointment of members of the Board which includes gender diversity, is spelled out in the Terms of Reference of the NRC, which is available on the Company's website at www.iconoffshore.com.my.</p> <p>Disclosure on board diversity which include gender diversity can be found in the Corporate Governance Overview Statement - Principle A: Board Leadership and Effectiveness of the Annual Report 2017.</p> <p>The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company while at the same time having due regard for diversity in skills, experience, cultural background, gender and age.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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	:	There was no new appointment of Director during the financial year ended 31 December 2017. The NRC is responsible for identifying and nominating suitable candidates for appointments to the Board for approval, either to fill vacancies or as addition to meet the changing needs of the Group. The Board would consider identifying candidates for appointment of Directors by engaging recruitment firms and etc. in future.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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	:	The NRC is chaired by an Independent Non-Executive Director, Encik Edwanee Cheah bin Abdullah.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through its NRC, had performed annual assessment on the individual Director, individual ARMC member, the Board as a whole and the Board Committees, via self and peer review assessment.</p> <p>Disclosure on how the assessment was carried out and its outcome can be found in the Corporate Governance Overview Statement - Principle A: Board Leadership and Effectiveness of the Annual Report 2017.</p> <p>In conducting each assessment/evaluation, the following main criteria were adopted by the NRC:-</p> <p>(i) <u>Assessment of the effectiveness of the Board as a whole and other Board Committees</u></p> <ul style="list-style-type: none">• Board structure;• Board operations;• Board roles and responsibilities;• Board Chairman's roles and responsibilities; and• Board committees. <p>(ii) <u>Directors' self/peer performance evaluation</u></p> <ul style="list-style-type: none">• Shares information or insight;• Possess valuable skills; and• Addressees both short-term and long-term issues and strategies <p>(iii) <u>ARMC member's self/peer evaluation</u></p> <ul style="list-style-type: none">• Appropriate experience to meet the objectives of the ARMC's charter, including financial literacy;• On-going education to improve understanding of pertinent regulatory, accounting, reporting, auditing and industry issues; and

	<ul style="list-style-type: none"> • Understanding of the Company’s significant financial and non-financial risks. <p>Based on the evaluation conducted for the financial year ended 31 December 2017, the NRC was satisfied with the performance of the Board as a whole, individual Board member, individual ARMC member and the Board Committees.</p> <p>All the Directors and Board Committees provided anonymous feedbacks on their peers performance and individual performance contribution to the Board and respective Committees. The results were then collated and tabled to the NRC for deliberation. The review supported the Board’s decision to endorse all retiring Directors standing for re-election. The assessment report together with the report on the Board balance (the required mix of skills, experience and other qualities) are deliberated and circulated to the NRC in March 2018. The results affirmed that the Board and each of its Committees continue to operate effectively.</p> <p>In order to ensure continuing education for the Board to enhance their knowledge and skills for better Board participation during the Meetings, the Board members had attended training programmes during the financial year, details of which were disclosed in the Corporate Governance Overview Statement in the Annual Report 2017</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 in the board and senior management to drive the company's long-term objectives.

Remunerations 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	:	<p>The remuneration policy for Directors is reviewed by the NRC prior to making its recommendations to the Board for approval. Factors such as Directors duties and responsibilities as directors, time commitment and other matters are considered. The level of remuneration reflects the experience, expertise and level of responsibilities undertaken Directors concerned.</p> <p>Our remuneration strategy and practices for Senior Management ensures complexities and individual responsibilities are aligned with business strategy and long term objectives.</p> <p>A copy of the NRC's terms of reference is available on the Company's website at www.iconoffshore.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 in the board and senior management to drive the company's long-term objectives.

Remunerations 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	:	The NRC implements the compensation policies and procedures of the staff and the Board and reviews and recommends matters relating to the remuneration of Board and Senior Management. The NRC also has written terms of reference that deal with its authority and duties and these terms are published on the Company's website at www.iconoffshore.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 detailed disclosure on named basis for remuneration of individual Director and breakdown of individual Director's emoluments and benefits in-kind are set out on page 60 of the Annual Report 2017.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the view that the disclosures of the Senior Management's remuneration that include the five key management personnel in the Audited Financial Statements are adequate as it complies with the requirement of Paragraph 17 of the Malaysian Financial Reporting Standard 124 "Related Party Disclosures".</p> <p>The Group endeavors to hire the best talents, and relies on its robust systems and processes, and oversights to ensure remunerations are competitive, managed strategically and strongly linked to performance and potential. Disclosing the bands of RM50,000 would affect the competitiveness of the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the ARMC of the Company is not the Chairman of the Board, to ensure the overall effectiveness and independence of the Committee.</p> <p>The Chairman of the ARMC is Datuk Wira Azhar bin Abdul Hamid, whereas the Chairman of the Board is YM Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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	:	<p>None of the ARMC members was a former key audit partner of the Company and notwithstanding the above provision and in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of Board.</p> <p>The Board may consider to establish a written 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 ARMC (Revised ToR for ARMC).</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 a policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the External Auditors Appointment and Independence Policy and Procedure for the ARMC to assess the suitability, objectivity and independence of the External Auditors. The assessment is carried out annually.</p> <p>Based on the annual assessment conducted for the financial year ended 31 December 2017, the ARMC was satisfied with the performance and independence of the External Auditors as well as the fulfillment of criteria based on several factors, including independence of the External Auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with.</p> <p>Messrs. PricewaterhouseCoopers ("PwC") had also provided written confirmation to the ARMC that they had been independent throughout the audit engagement in respect of the financial under review.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 Independence Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee

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

Practice 8.5

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	:	All members of the ARMC have the relevant accounting and related financial experience and a wide range of expertise to effectively discharge their duties. The qualification and experience of the individual ARMC member are disclosed in the Directors' Profile in the Annual Report 2017. All members of the ARMC had undertaken continuous professional development. Details of the trainings attended by the respective ARMC member are disclosed on page 61 to page 62 of the Annual Report 2017.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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>The Board has established the following frameworks to implement, monitor, review and improve risk management and design internal controls to mitigate the associated risks:</p> <ul style="list-style-type: none">a) Risk management framework; andb) Policy and standard operating procedure framework. <p>The Statement on Risk Management and Internal Control set out in the Annual Report 2017 provides an overview of the internal control within the Group for the financial year under review.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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>The features of risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2017.</p> <p>The Board had via the ARMC oversees the risk management and internal control system of the Group.</p> <p>The ARMC reviews and recommends to the Board for approval on matters related to risk management within the Group. The ARMC also assesses the risk tolerance of the Group in order to safeguard the interest of its shareholders.</p> <p>Attestation on adequacy and effectiveness of the framework has been provided by the Board upon obtaining assurance from the Acting Chief Executive Officer and the Chief Financial Officer of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 adoption of the practice	:	

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>The Group has outsourced its internal audit function to a third party service provider, Deloitte Enterprise Risk Services Sdn. Bhd. (“Deloitte”) since May 2015. The principal role of Deloitte is to undertake independent, regular and systematic review and appraisal of the Group’s risk management, control and governance processes designed and represented by Management, so as to determine whether they are adequate, functioning in an appropriate manner and form a robust internal control.</p> <p>To this end, the functions of the internal auditors are to:</p> <ul style="list-style-type: none"> • perform audit work in accordance with the pre-approved internal audit plan; • carry out reviews on the systems of internal control of the Group and the Company; • review and comment on the effectiveness and adequacy of the existing control policies and procedures; and • provide recommendations, if any, for the improvement of the control policies and procedures. <p>Independence is essential to the effectiveness of the internal audit function. Hence, to provide for the independence of the internal audit function, Deloitte reports directly to the ARMC.</p> <p>The ARMC and Board are satisfied with the performance of the internal auditors, Deloitte, in the provision of outsourced internal audit services to the Group and the Company.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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;
- 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's internal audit function is outsourced to a third party service provider, i.e. Deloitte. The independence of the internal audit function is derived from its direct reporting and unfettered access to the ARMC.</p> <p>The internal audit engagement partner, Encik Megat Mohammad Faisal is a holder of a Bachelor of Commerce (Accounting) from the University of Queensland, Australia. He also obtained Approved Certified Professional (ACP) for Governance, Risk and Compliance and passed the Certified Business Continuity Professional (CBCP) Qualifying Exam.</p> <p>There were a total of four (4) personnel which were deployed by Deloitte for the internal audit works during the financial year ended 31 December 2017. All the personnel deployed by Deloitte are free from any relationship or conflict of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The internal audit function is governed by an Internal Audit Charter ("Charter") that was approved by the Board. The Charter sets the mission, scope of activities, accountability, responsibility and authority of the internal audit function. The internal audit function is carried out in accordance with a framework set by a recognised professional body i.e. International Professional Practice Framework issued by the Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit works.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 ensures that the Company announces its quarterly results to its stakeholders via Bursa Malaysia and press release.</p> <p>The Board also ensures that stakeholders are given the opportunity to speak and seek clarification during the Company's AGM for effective and transparent communication with its stakeholders.</p> <p>Investor relations activities such as meetings with fund managers and analyst, and interview by the media are attended by the designated spokespersons. They are the former MD, Encik Amir Hamzah bin Azizan, Acting CEO, Captain Hassan bin Ali, and Chief Financial Officer, Encik Idham Adnan Jamil.</p> <p>The Company also has a website at www.iconoffshore.com.my, as an avenue for dissemination of corporate and financial disclosures.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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	:	Departure (Not applicable to Non-large Companies)	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not classified as "Large Company" and the Company does not adopt integrated reporting based on a globally recognised framework.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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	:	<p>The Annual Report 2017, which contains the Notice of AGM, was sent to shareholders at least 28 days prior to the date of the meeting to give sufficient time to shareholders to consider the resolutions that will be discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.</p> <p>The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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	:	<p>The Board ensures that all Directors of the Company including the Chair of other Board Committees attend the General Meetings unless unforeseen circumstances preclude them from attending the General Meetings.</p> <p>During the AGM held in 2017, all Directors attended the AGM.</p> <p>In addition to the above, members of the Senior Management and External Auditors of the Company will also attend the AGM to respond to the shareholders' queries.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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—

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	In line with recommendation of the best practice, poll voting was adopted at the AGM held in 2017 for all resolutions proposed, where votes were casted via electronic means and this practice will continue going forward. The Company would consider all avenues available, including all the necessary requirements for implementation in the future.
		Alternative practice: The shareholders who are unable to attend the General Meetings could appoint a proxy to attend and vote on his behalf provided that the relevant proxy form is lodged at the Company's Share Registrar office at least 48 hours before the General Meetings.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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