

Corporate Governance Overview Statement

CORPORATE GOVERNANCE PHILOSOPHY

MRCB is committed to ensuring the highest standards of governance, integrity, and ethics in the conduct of our business. The Board embraces and promotes value-creating governance through a deliberate and structured approach, with processes that align to our core values as a Group.

Led by our Vision ‘Setting the Standard’, we strive to conduct our operations in a sustainable manner that is environmentally and socially responsible, while delivering on our financial targets. This is achieved through the embedment of robust institutional governance practices as well as globally recognised standards for sustainable business practices. All these practices are continuously reviewed, mindful of the constantly evolving operating landscape as exemplified by the events of 2020, to ensure that we continue to act in the best interest of our stakeholders.

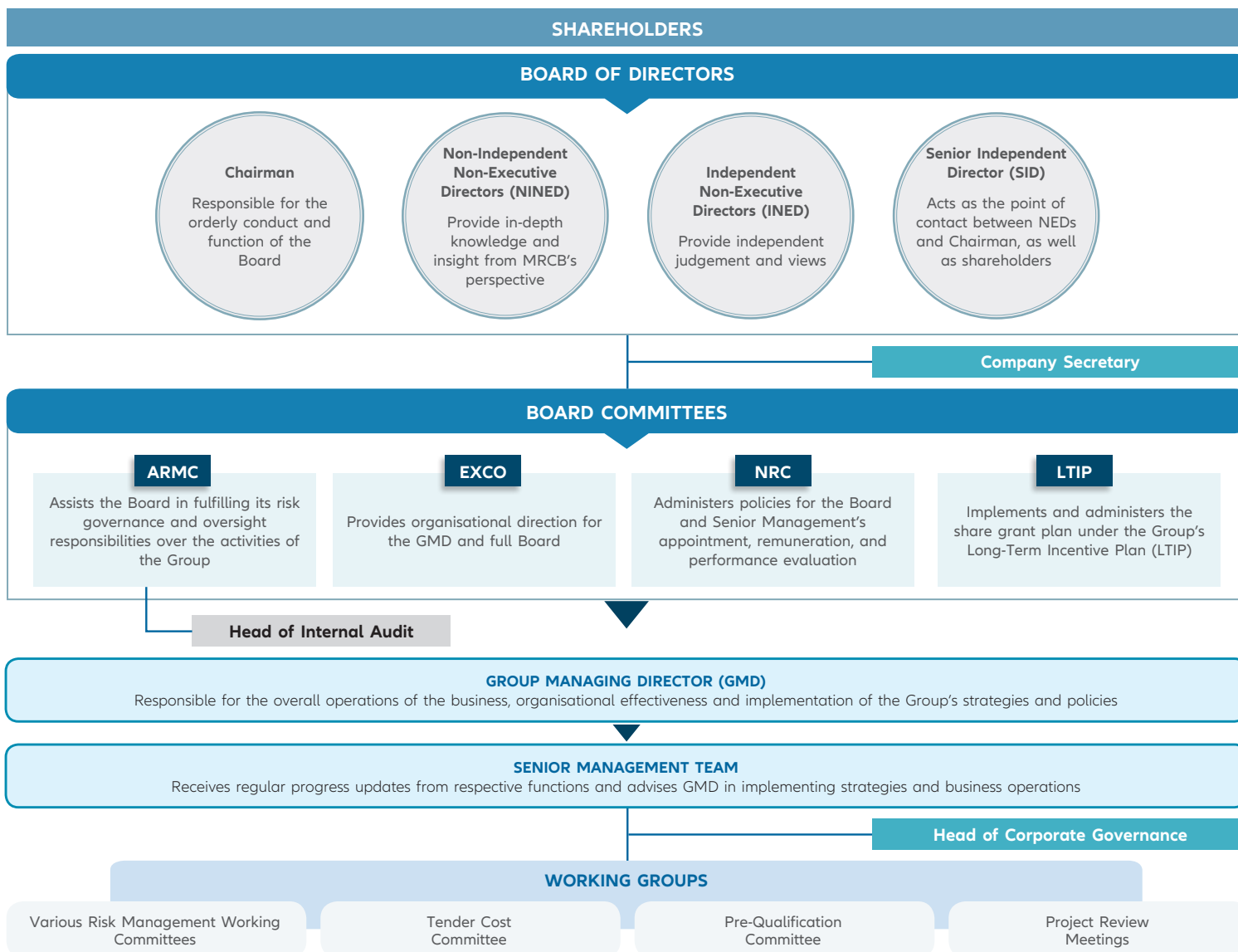
At MRCB, we strive to create maximum value by delivering on our purpose and ensuring relevance and sustainability of the business model across all spheres. Accordingly, our commitment to sustainability is reflected in the way we do our business. We embed sustainability into our operations to create value by delivering property and infrastructure development solutions that aim to positively impact society and shape a better, healthier, and more equitable world for all.

CORPORATE GOVERNANCE FRAMEWORK

The Board is committed to ensuring that there is a strong and effective system of corporate governance in place to support the successful execution of the Group’s strategy. This is achieved via a delegated authority framework, which ensures that decisions are taken by the right people, at the right level and that there is clear accountability up to the Board.

The diagram below describes MRCB’s governance framework, an overview of the key Committees of the Board and other management Working Groups.

CORPORATE GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE PRACTICES

In this Statement, we report on the manner the Group has adopted and applied the statutory requirements, principles and best practices as set out in the Main Market Listing Requirements (MMLR) of Bursa Malaysia, the Companies Act 2016 (CA 2016), the Malaysian Code on Corporate Governance 2017 (MCCG 2017) and the Corporate Governance Guide – 3rd Edition issued by Bursa Malaysia, in addition to being benchmarked against the ASEAN Corporate Governance Scorecard and other applicable laws, regulations, and guidelines.

For the year ended 31 December 2020, the Group had successfully applied 31 out of 32 Practices in the MCCG 2017, and 3 out of 4 optional Step-Up Practices. Both departures were the result of Encik Jamaludin Zakaria's retirement on 14 July 2020 after having served on the Board for nine (9) years. The departures were as follows:


| Practice 4.1 | Step-up Practice 8.4 |
|--|--|
| For Large Companies, the board comprises a majority of independent directors | The Audit Committee should comprise solely of Independent Directors |
| The full Board comprised 6 members, of which 3 members (50%) were Independent Directors, including the Chairman. | Dato' Mohamad Nasir Ab Latif, a nominee of our major shareholder EPF, was appointed as the 3 rd member of the Audit & Risk Management Committee (ARMC) in place of Encik Jamaludin. The ARMC therefore comprised a majority of Independent Directors. |

Both MCCG Practices have since been re-adopted with the appointment of Dato' Wan Kamaruzaman Wan Ahmad as our new Independent Director on 15 April 2021. Four (4) of the seven (7) Board members are now Independent Directors, thus restoring the Board's previously held majority independent position. Similarly, Dato' Wan Kamaruzaman's appointment to the ARMC in place of Dato' Mohamad Nasir ensures that the ARMC too regains its previously held wholly-independent status. Conversely, this development impacts our adoption of MCCG Practice 4.5 on having at least 30% women directors on the Board, dropping just below the recommended threshold to 29%.

The Board remains committed to pursuing further improvements in both these and other corporate governance practices to maintain the momentum of our recent positive achievements in this regard. These changes will be reflected in our end-2021 MCCG assessment to be reported within our 2021 Integrated Annual Report.


 For more information on the application of each Practice, please refer to our Corporate Governance Report at www.mrcb.com/corporate-governance/

The rest of this Corporate Governance Overview Statement is presented based on the following core principles as set out within MCCG 2017:




**MCCG Principle A:
Board Leadership and Effectiveness**

 Go to pages 102 to 119



**MCCG Principle B:
Effective Audit and Risk Management**

 Go to page 119



**MCCG Principle C:
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders**

 Go to pages 120 to 122

Corporate Governance Overview Statement



MCCG Principle A: Board Leadership and Effectiveness

BOARD LEADERSHIP

MRCB is led by the Board. The Board is responsible for the stewardship of the business and all affairs of the Group on behalf of our shareholders and all other stakeholders.

The Board therefore plays a critical role in ensuring that appropriate governance controls and parameters are put in place. This is primarily achieved through the development of internal controls and guidelines, such as the Board Charter, Code of Business Ethics, Whistleblowing and Conflict of Interest policies, among others.

Further details on these internal governing controls can be found at www.mrcb.com/corporate-governance/.

BOARD OPERATIONS

Board Charter

The Board is guided by a Board Charter that sets out the principal role of the Board, the functions, responsibilities and powers of the Board and its various committees, together with a schedule of matters reserved for the Board. This document was established by the Board to ensure that Directors are aware of their fiduciary duties and responsibilities, particularly their responsibility to the Company and shareholders, and the need to always conduct themselves to the highest ethical standards.

The Board Charter is reviewed and updated from time to time, with the last revision being made on 22 November 2018. This document can be viewed at www.mrcb.com/corporate-governance/.

Code of Business Ethics (CBE)

Our Directors are expected to display the highest ethical standards. They are expected to always behave ethically and professionally to protect and promote the reputation of the Group.

Upon their appointment, all Directors of the Group are given a copy of the Directors' Manual, Executive Handbook, and the CBE, and are required to confirm they have read and understood the CBE. Compliance with the provisions in these documents is deemed to be part of the terms and conditions of their service.

The CBE promotes good business conduct with the highest principles of moral behaviour and integrity. It also sets out the expected standards of conduct and behaviour when dealing with external parties such as customers, suppliers, and other stakeholders, dealing with conflict of interest situations, and preserving the confidentiality of company information.

The CBE applies to all Directors and employees of the Group, and can be viewed at www.mrcb.com/corporate-governance/.

Whistleblowing

The Group has a Whistleblowing Policy, which also covers members of the Board, that outlines the process for submitting confidential whistleblowing reports via a dedicated email address published on our website. All submissions are automatically sent electronically to the Group Managing Director and Head of the Integrity & Discipline Department (IDD), as well as the Independent Chairman, and the Chairman of the Audit & Risk Management Committee (ARMC) who is also the Senior Independent Director – for their further action.

The policy underscores the Group's commitment to developing a culture of openness and honesty, where a person who is aware of potential malpractice or misconduct is encouraged to report such matters in good faith. It is also designed to protect such whistleblowers against any potential reprisals, particularly if they are employees of the Group.

The Whistleblowing Policy has proved to be an effective tool to detect and act against instances of misconduct within the Group. The policy can be viewed at www.mrcb.com/corporate-governance/.

Conflict of Interest

The Directors have a fiduciary duty to always act in the best interest of the Group. The Directors also have a duty of confidentiality in relation to the Group's information.

A Director is therefore required to disclose to the Board:

- any material personal interest he/she has in a matter which relates to the affairs of the Group; and,
- any other interest (direct or indirect) which he/she believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

Such disclosures should be made as soon as practicable upon the Director becoming aware of his/her interest. Details of such disclosures must be recorded in the minutes of the meeting at which the disclosure is made, or at the next meeting held following the disclosure. Interested Directors should also abstain from all Board deliberations and voting that relates to matters in which they have an interest.

A Conflict of Interest Policy was established in 2019 with the goal of ensuring that actual, potential and perceived conflicts of interest are identified and managed effectively. It provides guidance on how to deal with such situations as they arise.

This Policy applies to all Directors and employees of the Group, including those on internship or secondment and consultants engaged by the Group on a full-time basis. The policy can be viewed at www.mrcb.com/corporate-governance/.

ROLES & RESPONSIBILITIES OF THE BOARD

The Board is entrusted with the overall governance of MRCB, setting a clear tone from the top by focusing on strategy, governance, and compliance in all aspects of our operations.

In discharging its functions, the main roles and responsibilities of the Board are as follows:

- ☑ To deliberate the strategic plans and goals proposed by the Management, and to set the Group's strategy;
- ☑ To take climate change issues into account in the delivery of the Group's sustainable business growth, ensuring compliance with all laws, regulatory and other disclosure requirements relating to environmental matters, as well as having regard of the needs of all its stakeholders in its pursuit of generating long-term returns for its shareholders;
- ☑ To oversee and evaluate the conduct and performance of the Group and Company;
- ☑ To identify key enterprise risks and ensure implementation of proper risk mitigation plans and a risk management system;
- ☑ To ensure the establishment of an appropriate succession plan for members of the Board and senior management;
- ☑ To oversee the development and implementation of a shareholder communication policy for the Group and Company;
- ☑ To review the adequacy and the integrity of the management information and internal controls system of the Group and Company;
- ☑ To establish, review, and together with the management, implement policies and procedures on whistleblowing;
- ☑ To establish and review policies and procedures to determine the remuneration of directors and senior management taking into account the demands, complexities and performance of the Company as well as skills and experience required;

- ☑ To provide and ensure accountability to shareholders and to the extent possible, towards a wider range of stakeholders impacted by MRCB's decisions, such as employees, customers, and the local community in areas where MRCB operates; and,
- ☑ To commit itself and its Directors to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members and in the discharging of their fiduciary duties.

The following matters are reserved for the Board to determine and/or approve (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):

- ☑ Corporate plans and programmes;
- ☑ Annual budgets, including major capital commitments;
- ☑ New ventures;
- ☑ Material acquisitions and disposals of undertakings and assets; and,
- ☑ Changes to the management and control structure within the Company and its subsidiaries.

Further details on the roles, responsibilities, and reserved matters are clearly set out in the Board Charter.

SEPARATION OF POWER BETWEEN THE BOARD AND MANAGEMENT

The Board ensures that its Chairman is an independent non-executive member of the Board. An inherent safeguard is built in the position of the Chairman through Practice 4.1 of the MCGG which calls for a majority of the Board to comprise Independent Directors. Though our application of this Practice had been impacted by Encik Jamaludin Zakaria's retirement during 2020, the Board's previously held majority independent position has since been restored with the appointment of Dato' Wan Kamaruzaman Wan Ahmad as our new Independent Director on 15 April 2021.

Additionally, the Board practices a clear demarcation of duties and responsibilities between the Chairman and the Group Managing Director to ensure there is a balance of power and authority in the Board. The positions of Chairman and GMD are also held by two (2) different individuals. Non-Executive Directors, who are wholly independent of Management and strictly do not participate in any day-to-day management activities of the Company, are relied upon to provide oversight over Management.

The Board also appoints a Senior Independent Director who acts as a trusted intermediary between the Non-Executive Directors and the Chairman, as well as the designated contact to whom shareholders' concerns may be raised.

Corporate Governance Overview Statement

Tan Sri Azlan Zainol | Chairman



The Chairman of MRCB is an Independent Non-Executive Director. The Chairman is responsible for the overall leadership and efficient functioning of the Board.

Roles & Responsibilities of the Chairman

- Ensuring that the Board functions effectively, cohesively and independently of Management;
- Providing governance in matters requiring corporate justice and integrity;
- Leading the Board, including presiding over Board meetings and Company meetings, and directing Board discussions to effectively use the time available to address the critical issues facing the Company;
- Promoting a constructive and respectful relationship among Board members and between Board members and Management;
- Ensuring that there is effective communication between the Company and/or Group and its shareholders and relevant stakeholders;
- Leading the creation of an effective corporate governance system, including the establishment of Board Committee structures and their Charters;
- Ensuring decisions are taken on a sound and well-informed basis, following detailed discussions in which dissenting views can be freely expressed; and,
- Leading efforts to address the Board's developmental needs.

 For more information on the Chairman's profile, please refer to page 92 of this Integrated Annual Report


Mohd Imran Mohamad Salim | Group Managing Director



The Group Managing Director is responsible for the overall operations of the business, organisational effectiveness and the implementation of the Group's strategies and policies. He is assisted by the Senior Management Team, with whom he consults regularly.

Roles & Responsibilities of the Group Managing Director (GMD)

- Developing the strategic direction of the Group with the Board;
- Ensuring that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees;
- Recommending suitable management structures and operating authority levels which include delegations of responsibilities to the Management;
- Ensuring an effective Management team below the level of the Group Managing Director and developing an appropriate succession plan;
- Ensuring that the objectives and standards of performance are understood by the Management and employees;
- Ensuring that the necessary operational planning, sustainability, risk management and control systems are in place;
- Establishing new business contacts, interacting with clients, and recruiting employees;
- Developing strategic marketing and sales plans to boost profits and efficiency;
- Monitoring performance results against plans in an ongoing manner;
- Fostering a corporate culture that promotes ethical practices, encourages individual integrity and the fulfilment of MRCB's corporate social responsibilities;
- Maintaining a positive and ethical working environment that is conducive to attracting, retaining, and motivating a diverse workforce; and,
- Ensuring continuous improvement in quality and value of MRCB's products and services.

 For more information on the Group Managing Director's profile, please refer to page 93 of this Integrated Annual Report

Hasman Yusri Yusoff | Senior Independent Director



The Senior Independent Director is an important intermediary between the various Board members and external stakeholders.

Roles & Responsibilities of the Senior Independent Director (SID)

- Act as a sounding board for the Chairman and Group Managing Director on Board matters;
- Be a conduit, as required, for views by other Non-Executive Directors on the performance of the Chairman and chair a formal annual session of the Nomination & Remuneration Committee (NRC) to agree on the Chairman's objectives and review his performance;
- Be the focal point for Board members for any concerns regarding the Chairman, or the relationship between the Chairman and the Group Managing Director; and,
- Act as a trusted intermediary for Non-Executive Directors where this is required to help them to challenge and contribute effectively.

The SID also provides an alternative independent communication channel for shareholders and stakeholders to convey their concerns and raise issues so that these can be channelled to the relevant parties.

All queries relating to the Group can be channelled to the SID's email address, hasmany@mrbc.com or directed to the following address:

Hasman Yusri Yusoff

Senior Independent Director

Malaysian Resources Corporation Berhad
Level 30, Menara Allianz Sentral,
No 203, Jalan Tun Sambanthan, Kuala Lumpur Sentral,
50470 Kuala Lumpur, Malaysia.

 For more information on the Senior Independent Director's profile, please refer to page 94 of this Integrated Annual Report

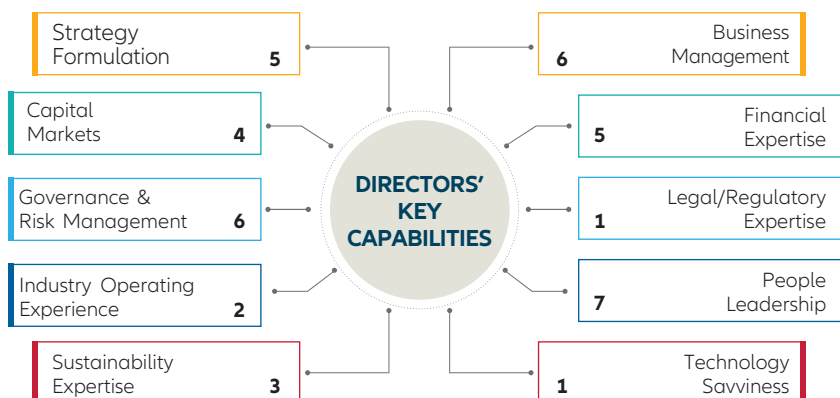
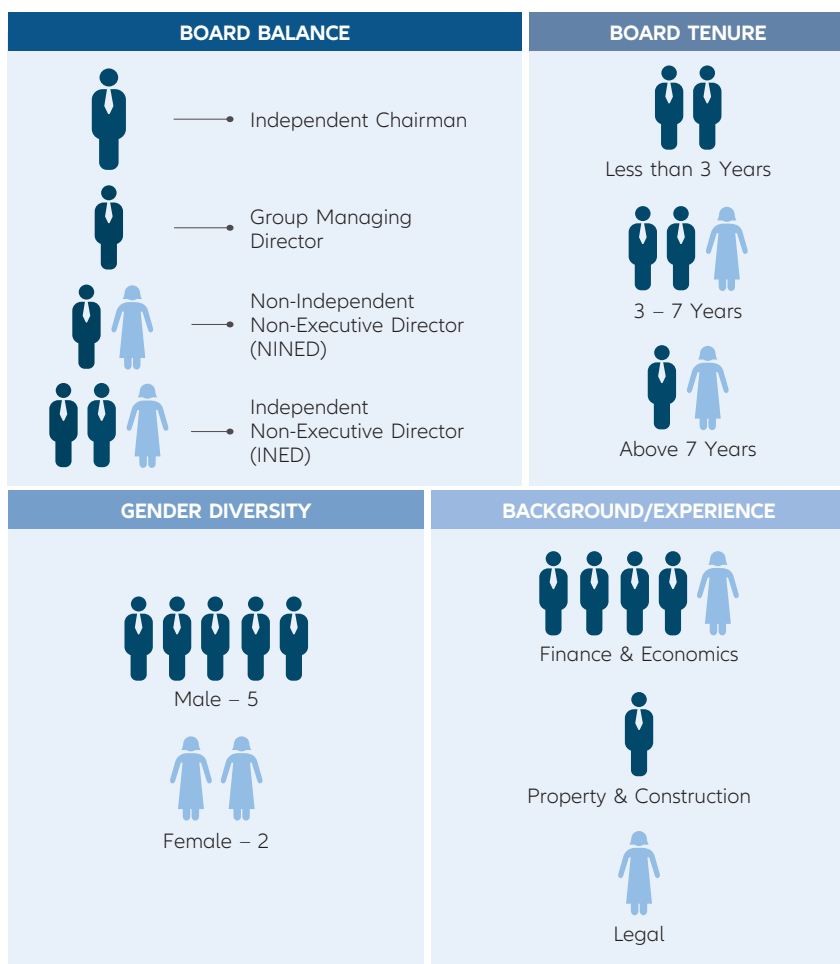
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BOARD DIVERSITY & COMPOSITION

The composition of a board remains a key factor in influencing the way the board functions and the dynamics between its members. Diversity helps the Board to leverage the differences in background, industry experience, knowledge, and skills, to help the Group retain its competitive advantage. An effective board should comprise members with an appropriate mix of skills, knowledge, experience, and independence that fit the Company's objectives and strategic goals.

In this regard, MRCB is committed to achieving greater diversity within its Board composition, as outlined within the Board Charter. We also support the nation's aspirational target of 30% representation of women directors. The Board believes that its present composition and size enables it to discharge its duties and responsibilities effectively and competently, with adequate diversity available in terms of board balance, board tenure, gender, age, and related experience.

All illustrations are based on the Board composition as at 15 April 2021



Board Independence

All Directors, regardless of their independent status, are always required to act in the best interests of MRCB and to exercise unfettered and independent judgement. The Board recognises the important contributions that Independent Directors make in terms of good corporate governance, particularly in the area of related party transactions where they safeguard the interests of minority shareholders.

The Board undertakes to assess the independence of its Independent Directors upon their appointment and annually thereafter, or upon the development of any new interest in Company matters. The responsibility for such assessments, along with the identification and recommendation of suitable Board candidates lies with the Nomination & Remuneration Committee (NRC), which is chaired by the Senior Independent Director.

An evaluation of the objectivity of Independent Directors was carried out over the past year by KPMG Management & Risk Consulting Sdn Bhd (KPMG). To date, all of our Independent Directors satisfy the following criteria:

- Independent from Management and free from any business or other relationship which could interfere with independent judgement or the ability to act in the best interest of the Company.
- Not involved in the day-to-day operations of the Company other than when collective Board approval is required. This mitigates the risk of undue influence from third parties and allows Independent Non-Executive Directors to exercise fair judgement.
- Declare their interests or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings. Directors are able to ascertain their involvement in any proposal as the papers are disseminated to them at least five (5) days before each meeting. In a situation where there is a conflict of interest, Directors are required to recuse themselves and abstain from deliberation and voting to allow unbiased and free discussion and decision making. This also holds true for and applies to Non-Independent Non-Executive Directors.

As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of nine (9) years. Long tenures could lead to the development of a sense of familiarity with Management and sympathy for their interests, which may erode an Independent Director's objectivity, as outlined within Practice 4.2 of the MCCG 2017. Encik Jamaludin Zakaria, our former Senior Independent Director, retired from the Board this year having served on the Board for nine (9) years.

Independent Directors form the majority of the current Board. Encik Jamaludin's retirement caused a temporary loss of this status, however, it has since been restored with the appointment of Dato' Wan Kamaruzaman Wan Ahmad as an Independent Director on 15 April 2021. The Board views the current composition as adequate to provide the necessary check and balance to the Board's decision-making process.

BOARD MEETINGS & ATTENDANCE

The Board holds regular meetings not less than four times a year. All Board meetings are scheduled in advance before the start of the financial year to enable Directors to plan ahead and ensure full attendance at meetings. Scheduled Board meetings are typically convened immediately following finalisation of the Company's quarterly and annual results for the Board to review and approve prior to announcing to Bursa Malaysia. The viability of other business propositions and corporate proposals are also deliberated and assessed, with relevant members of Senior Management attending by invitation to report to the Board on matters pertinent to their areas of responsibility. In arriving at Board decisions, the will of the majority prevails.

In addition to scheduled meetings, the Board commits to convene as and when necessary to consider and deliberate urgent proposals. Approvals by way of circular resolutions are another option available to the Directors for urgent proposals that arise in between scheduled Board meetings, however, these are generally used sparingly. The Board

further participates in annual Strategy Retreats organised for Management to consult, deliberate, and formulate the Group's strategy in an informal setting.

Directors are therefore expected to always allocate sufficient time to perform their responsibilities effectively. If physical attendance is not possible for any reason, Directors are able to join meetings remotely via video conferencing solutions. Directors may also submit their views to the other Directors and the Company Secretary via a secured collaborative software if they are unable to attend the session. In all cases, Directors are expected to personally attend to Board matters and must not appoint another person to participate on his/her behalf.

Directors are further required to notify the Chairman before accepting any new directorships, and to indicate the time expected to be spent on such new appointments. In any given circumstances, Directors are limited to holding not more than 5 directorships in listed issuers, in accordance with Bursa Malaysia's Listing Requirements.

All Directors participated fully in discussions and have been free to express their views at all Board meetings held during the financial year. Further evidence of the Directors' full commitment towards their duties and responsibilities can be seen by their attendance at Board meetings held during the financial year. In summary, the Directors fully attended all Board and Board Committee meetings held in 2020 and therefore have more than adequately complied with the minimum attendance requirements.

SCHEDULE OF MEETINGS IN 2020

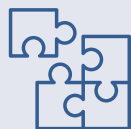
| Meeting | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
|-------------------------------------|--|-----------------------------------|---------------------------|----------------------------|
| Annual General Meeting | – | – | 14 July | – |
| Executive Committee | 14 February 16 March 23 March | 3 April 27 April | 25 August | 13 October 10 December |
| Audit & Risk Management Committee | 17 February 25 February 18 March | 24 June 17 August 25 August | – | 16 November 20 November |
| Nomination & Remuneration Committee | 25 February 18 March | – | 28 July | – |
| LTIP Committee | – | – | – | – |
| Board of Directors | 26 February 23 March | 7 April 30 May 26 June | 27 August 22 September | 23 November |
| Strategy Retreat | 12 January | – | – | – |

DIRECTORS' ATTENDANCE AT MEETINGS IN 2020

| Board Member | Attendance | | | | | AGM |
|--|-------------|-------------|-------------|-------------|----------|-------------|
| | Board | Committees | | | | |
| | | EXCO | ARMC | NRC | LTIP | |
| Independent Chairman | | | | | | |
| 1 Tan Sri Azlan Zainol | 8/8 | – | – | – | – | 1/1 |
| Non-Independent Non-Executive Directors | | | | | | |
| 2 Rohaya Mohammad Yusof | 8/8 | – | – | 3/3 | – | 1/1 |
| 3 Dato' Mohamad Nasir Ab Latif | 8/8 | 8/8 | 4/4 | – | – | 1/1 |
| Group Managing Director | | | | | | |
| 4 Mohd Imran Mohamad Salim | 8/8 | 8/8 | – | – | – | 1/1 |
| Independent Directors | | | | | | |
| 5 Jamaludin Zakaria | 5/5 | 5/5 | 4/4 | 2/2 | – | 1/1 |
| 6 Hasman Yusri Yusoff | 8/8 | – | 8/8 | 3/3 | – | 1/1 |
| 7 To' Puan Looi Lai Heng | 8/8 | 8/8 | 8/8 | 3/3 | – | 1/1 |
| Overall attendance | 100% | 100% | 100% | 100% | – | 100% |

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HIGHLIGHTS OF BOARD ACTIVITIES IN 2020



Performance & Strategy

- Strategy deliberation and formulation, including cost-optimisation and COVID-19 business continuity measures
- Updates on operational progress
- Updates on HR strategies, such as organisational right-sizing
- Updates on digitalisation & automation implementation



Governance, Risk & Compliance

- Board Committee updates
- Key enterprise risks, risk registers, and risk mitigation plans
- Quarterly audit status reports
- Updates to the Limits of Authority
- Anti-Bribery Management System (ABMS) updates, including whistleblowing and gift register reviews
- Quarterly Health & Safety updates
- Sustainability reports



Financial

- Annual FY2020 business plan and budget
- Audited Financial Statements for FY2019
- Quarterly financial results
- Annual dividend
- Deliberation on acquisitions, disposals, tender proposals
- Cost optimisation initiatives
- Sukuk issuance



People & Culture

- Talent management
- Learning & development initiatives
- Workforce planning, including Succession planning
- Corporate Social Responsibility (CSR) initiatives

BOARD ACCESS TO INFORMATION

The quality of information given to the Board is critical as it enables good decision-making. In the course of discharging their duties, all Directors are provided with:

- a) Full and unrestricted access to timely and accurate information. The agenda and a full set of Board papers are typically distributed to the Directors via a secured collaborative software, at least five (5) days before the Board or its Committee meetings. In addition to easing the distribution of papers and minimising potential leakage of sensitive information, this approach enables Directors to access, review, and collaborate with their peers on the papers, anytime and anywhere. If necessary, Directors may also obtain further information on the matters to be discussed, in order to be properly prepared for the meetings.
- b) Unrestricted access to the advice and services of the Company Secretary and Senior Management.
- c) Unrestricted access to the advice and services of independent professionals made available to Board members individually and collectively. Such advice and services are made available at the Company's expense and are wholly independent of Management's intervention.

In addition, the Board may collectively conduct or direct any investigation and may retain, at the Company's expense, any legal, accounting, or other services that it considers necessary to perform its duties.

Company Secretary

Mohamed Noor Rahim bin Yahaya

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is bound by MAICSA's Code of Professional Ethics and Conduct to Act as Company Secretaries. He possesses the requisite experience to provide unhindered advice to the Board to ensure its effective functioning and compliance with regulatory requirements.

Roles & Responsibilities of the Company Secretary in relation to the Board

- Attending all Board meetings and ensuring that all deliberations are properly documented and recorded;
- Ensuring that all Board procedures are followed and the applicable rules and regulations for the conduct of the Board's affairs are complied with;
- Advising the Board on issues relating to the Company's Constitution, corporate governance best practices and compliance-related matters;
- Circulating draft minutes to all Directors for their perusal and comments before the confirmation of the same at the next meeting; and,
- Serving adequate notice to Directors and the Company's principal officers to notify them of the 'closed periods' for trading of the Company's shares, in accordance with Bursa Malaysia's Listing Requirements.

The Company Secretary keeps himself abreast of the evolving regulatory changes and developments through continuous training. During the year under review, the Company Secretary attended the following training programmes:

| Training/Seminar Attended | Date | Organiser |
|--|---------------------|--|
| 1. Decoding Transaction & Related Party Transaction Rules | 23 September 2020 | CKM Advisory Sdn Bhd |
| 2. Technical Briefing for Company Secretaries of Listed Issuers 2020 | 22 October 2020 | Bursa Malaysia Berhad |
| 3. MAICSA Annual Governance Conference 2020 | 2 & 3 December 2020 | The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) |

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging their functions for the year under review.

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DIRECTORS' INDEMNITY

We continue to provide and maintain indemnification for our Directors throughout the financial year as allowed under the Companies Act 2016 (CA 2016) to the extent it is insurable under the Directors' and Officers' Liability Insurance (D&O) procured by the Company. Directors and Officers are indemnified against any liability incurred by them in discharging their duties while holding office as Directors and Officers of the Company.

All Directors may opt to obtain additional D&O insurance to provide protection (to the extent it is insurable) against unindemnified liabilities by the Company or other uninsured circumstances. Premiums for such additional insurance are to be paid by the Directors themselves.

BOARD DELEGATION

Board Committees

The Board from time to time establishes committees as it considers appropriate to assist in carrying out its duties and responsibilities. The following four (4) Board Committees have been in operation during the year under review:

| Board Committee | Core Function | Members (as of 31 December 2020) |
|-------------------------------------|---|---|
| Executive Committee | Provides organisational direction to the GMD and the Senior Management team. | <ul style="list-style-type: none"> Dato' Mohamad Nasir Ab Latif (Chairman) Mohd Imran Mohamad Salim To' Puan Janet Looi Lai Heng |
| Audit & Risk Management Committee | Assists the Board in fulfilling its risk governance and oversight responsibilities over the activities of the Group. | <ul style="list-style-type: none"> Hasman Yusri Yusoff (Chairman) Dato' Mohamad Nasir Ab Latif To' Puan Janet Looi Lai Heng |
| Nomination & Remuneration Committee | Assists the Board in developing and administering a fair and transparent policy for the sourcing, remuneration and benefits of Directors and Senior Management. | <ul style="list-style-type: none"> Hasman Yusri Yusoff (Chairman) Rohaya Mohammad Yusof To' Puan Janet Looi Lai Heng |
| LTIP Committee | Implements and administers the share grant plan under the Group's LTIP. | <ul style="list-style-type: none"> Dato' Mohamad Nasir Ab Latif (Chairman) Mohd Imran Mohamad Salim Hasman Yusri Yusoff |

Each Committee is authorised by the Board to deal with and to deliberate on matters delegated to them as defined within their Terms of Reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings, and the minutes will be included in the Board Papers for the Board's notification.

Descriptions of the key functions and responsibilities of the respective Committees are set out on pages 132 – 139 of this Integrated Annual Report.

 Further details on the Terms of Reference for the various Board Committees can be found at www.mrcb.com/corporate-governance/

Powers delegated to Management

The Board delegates specified levels of authority and power to the Group Managing Director to manage the Company and its businesses. The Group Managing Director may further delegate aspects of his authority and power to the Management team as required, however, he always remains accountable to the Board for the Group's performance. The Group Managing Director and his Management team are required to report regularly to the Board on the progress being made by the Group's business units.

Limits of Authority

In order to enhance the accountability of the Group Managing Director and Senior Management, the Group has in place a Limits of Authority document which sets out the limits of transactions that each level of Management can approve and specifies transactions that need to be approved by the Board or Board Committees.

All changes to the Limits of Authority document are approved by the Board, and may be revised as and when required, with the last revision being on 29 March 2021.

DIRECTORS' TRAINING AND CONTINUING DEVELOPMENT

In line with Paragraph 15.08 of Bursa Malaysia's Main Market Listing Requirements (MMLR), the Directors recognise the importance and value of keeping themselves abreast of the latest developments within the industries MRCB operates in, as well as ongoing changes to all applicable statutory and regulatory requirements.

Alongside the Mandatory Accreditation Programme (MAP) required by Bursa Malaysia, the Directors continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This enables the Directors to effectively discharge their duties and sustain active participation in Board deliberations.

The Board assesses the training needs of the Directors from time to time, and ensures Directors have access to continuing education programmes. The trainings attended by the Directors throughout 2020 were as follows:

TAN SRI AZLAN ZAINOL

| Training/Seminar Attended | Date | Organiser |
|---|-------------------|---|
| 1. Integrated Thinking & Value Creation Awareness | 10 February 2020 | RHB in-house training by Blacksun Pte Ltd (Singapore) |
| 2. COVID-19: Recovery and Resilience: Cyber and Economic Crime: Fraudsters and Cyber Criminals, too, can work from home | 23 April 2020 | Webinar Series by PwC Malaysia |
| 3. COVID-19: Recovery and Resilience: Governance and Risk: An Uncertain World, A Riskier Landscape | 30 April 2020 | Webinar Series by PwC Malaysia |
| 4. COVID-19: Recovery and Resilience: COVID-19 Impact on Financial Reporting: Not Business as usual | 5 May 2020 | Webinar Series by PwC Malaysia |
| 5. Enlightenment on the Shariah Resolutions issued by Shariah Advisory Council of BNM 2020 | 11 August 2020 | RHB in-house training by RHB Group Shariah Business |
| 6. BNM-FIDE FORUM Annual Dialogue with Governor of Bank Negara Malaysia | 3 September 2020 | FIDE FORUM |
| 7. Anti-Money Laundering and Counter Financing of Terrorism | 9 September 2020 | RHB in-house training by Malcolm Wright, Chief Compliance Officer at Diginex, Hong Kong |
| 8. Impact of COVID-19: Recovery and Sustainability | 14 September 2020 | Asian Institute of Chartered Bankers' Empowering Bankers Webinar – Sustainable Finance Series |
| 9. Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018 | 22 September 2020 | Kuala Lumpur Kepong Berhad in-house briefing by Deloitte Risk Advisory |
| 10. Malaysia Budget 2021 Review | 20 November 2020 | RHB in-house briefing by Deloitte |
| 11. Recovery & Resolution Plan | 1 December 2020 | RHB in-house training by PwC |
| 12. Market Briefing on UK, Australia, and Singapore Property Markets | 7 December 2020 | Eco World International Berhad in-house briefing by CBRE |
| 13. Anti-Bribery and Corruption | 25 December 2020 | RHB in-house e-learning |

MOHD IMRAN MOHAMAD SALIM

| Training/Seminar Attended | Date | Organiser |
|---|-----------------------|-------------------------------------|
| 1. Forum on Biodiversity for Business & Private Sector in Malaysia | 9 January 2020 | DHI Water & Environment (M) Sdn Bhd |
| 2. UK-ASEAN Trade & Investment Emerging Opportunities & Outlook Post Brexit & COVID-19 – ABC Dialogue | 13 October 2020 | ASEAN Business Club |
| 3. Re-Emerging APEC's Economic Recovery | 19 & 20 November 2020 | APEC Webinar Conference |

ENCIK HASMAN YUSRI YUSOFF

| Training/Seminar Attended | Date | Organiser |
|--|-------------------|-------------------------------------|
| 1. Refresher Training on Chemicals and Polymers Business | 15 July 2020 | Chemical Company of Malaysia Berhad |
| 2. Directors & Officers Liability Insurance | 21 August 2020 | MIDF Berhad |
| 3. Product Development and Innovation in Islamic Finance | 26 August 2020 | MIDF Berhad |
| 4. Section 17A of Malaysian Anti-Corruption Commission Act 2009 | 15 September 2020 | Chemical Company of Malaysia Berhad |
| 5. Economic Outlook on Malaysia: Threats on Economic Recovery | 6 October 2020 | MIDF Berhad |
| 6. Captain's Forum: Transformation Towards Recovery | 9 October 2020 | KPMG |
| 7. Malaysia & ASEAN: Navigating US-China Relations in the 21 st Century | 26 November 2020 | PNB |

Corporate Governance Overview Statement

PUAN ROHAYA MOHAMMAD YUSOF

| Training/Seminar Attended | Date | Organiser |
|--|--|--|
| 1. Shariah Investing Virtual Conference 2020 | 17 June 2020 | Bursa Malaysia & CGS-CIMB |
| 2. Midyear Outlook 2020 | 7 July 2020 | BlackRock Investment Institute |
| 3. TRMF: Technology Risk Management Framework and Cyber Threat 2020 | 6 August 2020 | Jabatan Pengurusan Risiko (JPR) & KPMG Malaysia |
| 4. EPF Digital Transformation Workshop: Cohort 1 – Session 1 – Session 2 – Session 3 – Session 4 | 17 August 2020 24 August 2020 1 September 2020 7 September 2020 | Employees' Provident Fund (EPF) |
| 5. Bilateral Meeting BNM-EPF on Equity | 21 September 2020 | Bank Negara Malaysia (BNM) & Employees' Provident Fund (EPF) |
| 6. SHIFT 2020: Reimagining the Next Normal for Asia and the World | 12 October 2020 | McKinsey & Company |
| 7. WPS 2020: A New Approach for a New Decade Panel Dialogue | 19 October 2020 | Pensions & Investments, AMS |
| 8. Global Pensions Roundtable | 27 October 2020 | BlackRock – SIN |
| 9. Jemputan Ke Sesi Libat Urus Belanjawan | 18 November 2020 | Kementerian Kerja Raya Malaysia |
| 10. Webinar on Decarbonization | 26 November 2020 | Robeco |
| 11. EPF Management Conference 2020 | 15 December 2020 | Employees' Provident Fund (EPF) |

DATO' MOHAMAD NASIR AB LATIF

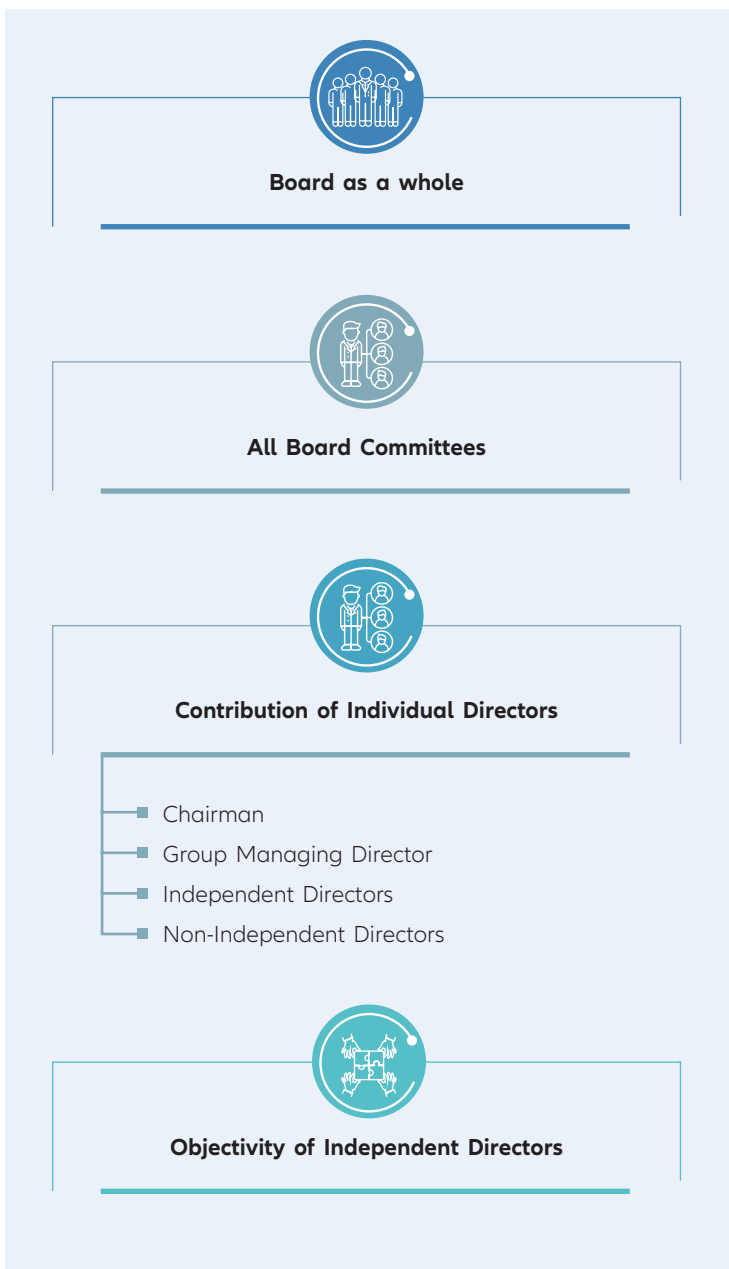
| Training/Seminar Attended | Date | Organiser |
|---|----------------------------|---|
| 1. Recovery and Resolution Plan | 12 January 2020 | RHB Academy |
| 2. Climate Action: The Board's Leadership in Greening the Financial Sector | 11 February 2020 | FIDE |
| 3. COVID-19: Recovery and Resilience: Governance and Risk: An Uncertain World, A Riskier Landscape | 30 April 2020 | Webinar Series by PwC Malaysia |
| 4. COVID-19: Recovery and Resilience: COVID-19 Impact on Financial Reporting: Not Business as usual | 5 May 2020 | Webinar Series by PwC Malaysia |
| 5. The New Normal, Impact of COVID-19 on Oil and Gas and Future of Renewable Energy | 8 June 2020 | Ernst & Young |
| 6. FIDE Core Module A for Banks | 29 June 2020 – 9 July 2020 | Iclif Executive Education Centre |
| 7. Anti-Money Laundering and Counter Financing of Terrorism | 9 September 2020 | RHB in-house training by Malcolm Wright, Chief Compliance Officer at Diginex, Hong Kong |
| 8. Islamic Finance for Board of Directors and Senior Management | 4 & 5 November 2020 | ISRA Consulting |
| 9. Enlightenment on the Syariah Resolutions Issued by Syariah Advisory Council of BNM 2020 | 8 November 2020 | Amanie Academy |
| 10. Malaysia Budget 2021 Review | 20 November 2020 | KPMG |
| 11. Anti-Corruption Awareness | 23 November 2020 | Malaysia Airports Holdings Berhad |
| 12. Information Security Awareness | 31 December 2020 | RHB Academy |
| 13. Anti-Bribery and Corruption | 31 December 2020 | RHB Academy |

TO' PUAN JANET LOOI LAI HENG

| Training/Seminar Attended | Date | Organiser |
|--|-------------|----------------|
| 1. Disrupted, Yet Getting Ready for the Next Big One: Are Boards Ready for Climate Change? | 4 June 2020 | Skrine Webinar |

BOARD EFFECTIVENESS

The effectiveness of the Board is vital to the success of the Group. It is therefore our practice to conduct a Board Effectiveness Evaluation annually, in order to assess the effectiveness of the Board as a whole, the respective Board Committees, the contribution of individual Directors, and the objectivity of Independent Directors. We also engage independent experts periodically to support this process by facilitating objective and candid evaluations. The results of the Board Effectiveness Evaluation are discussed and deliberated at the Nomination & Remuneration Committee meetings, and recommendations to improve the Board's effectiveness are tabled to the Board.



Board Effectiveness Evaluation (BEE)

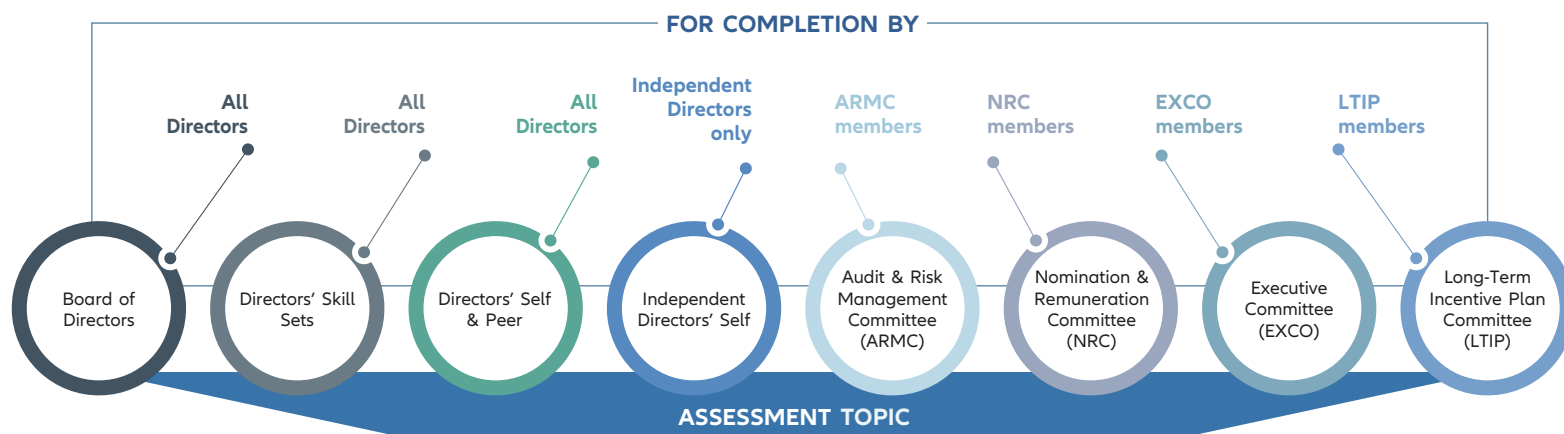
KPMG Management & Risk Consulting Sdn Bhd (KPMG) was appointed by MRCB to undertake an independent evaluation of the effectiveness of the main Board and its various Committees, the contribution of each individual Director, along with the objectivity of each Independent Director.

The core methodology or approach employed by the Consultant was as follows:

- Gain an understanding of MRCB's organisational philosophy, expectations of Directors' roles and responsibilities and expectations of MRCB's Board and Board Committees.
- Review the established Board Charter and Terms of References (TOR) for MRCB's Board and Board Committees, findings from past BEE exercises, as well as all relevant policies and procedures governing the conduct of the Board and the Board Committees.
- Conduct macro analysis of issues impacting MRCB based on market news scanning and press clipping reviews.
- Develop suitable assessment criteria based on prevailing documentation, regulatory provisions, macro analysis, as well as emerging and leading practices, tailored to suit MRCB's needs.
- Conduct analysis based on the written responses provided by Directors and insights gleaned from all Directors and Senior Management during the interview sessions.

Corporate Governance Overview Statement

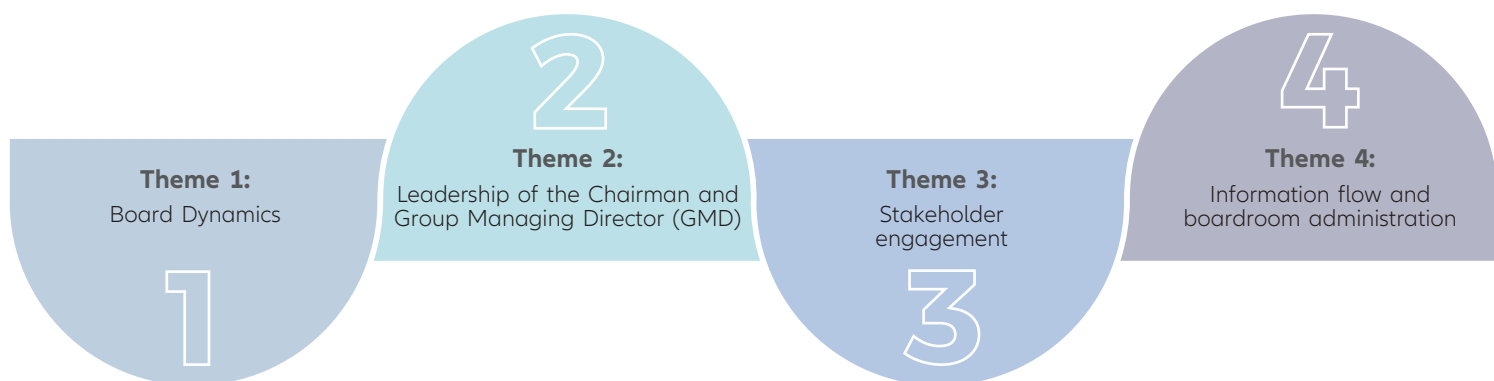
Questionnaires encompassing eight (8) assessment topics were prepared for completion by the relevant parties as outlined below:



The criteria assessed within each assessment topic were as follows:

| ASSESSMENT TOPIC | |
|---|---|
| BOARD OF DIRECTORS' ASSESSMENT <ul style="list-style-type: none"> Board mix and composition; Quality of information and decision-making; Boardroom activities; and, Board Chairman's role. | DIRECTORS' SKILL SETS ASSESSMENT <ul style="list-style-type: none"> Leadership and strategy; Legal and regulatory requirements; Corporate governance, risk management and internal controls; Accounting and financial reporting; Industry experience; Operations and quality management; and, Information technology. |
| INDEPENDENT DIRECTORS' SELF-ASSESSMENT <ul style="list-style-type: none"> Background; Economic relationship; Family relationships; Tenure; and, Qualitative assessment. | DIRECTORS' SELF AND PEER ASSESSMENT <ul style="list-style-type: none"> Contribution and performance; Calibre and personality; and, Group Managing Director. |
| BOARD COMMITTEE EVALUATION <ul style="list-style-type: none"> Composition and governance; Meeting administration and conduct; Skills, competencies, and professional development; and, Mandated duties and responsibilities. | |

Based on the results and comments gathered from the questionnaires as well as interview sessions, several positive highlights were identified and clustered into four (4) themes as follows:

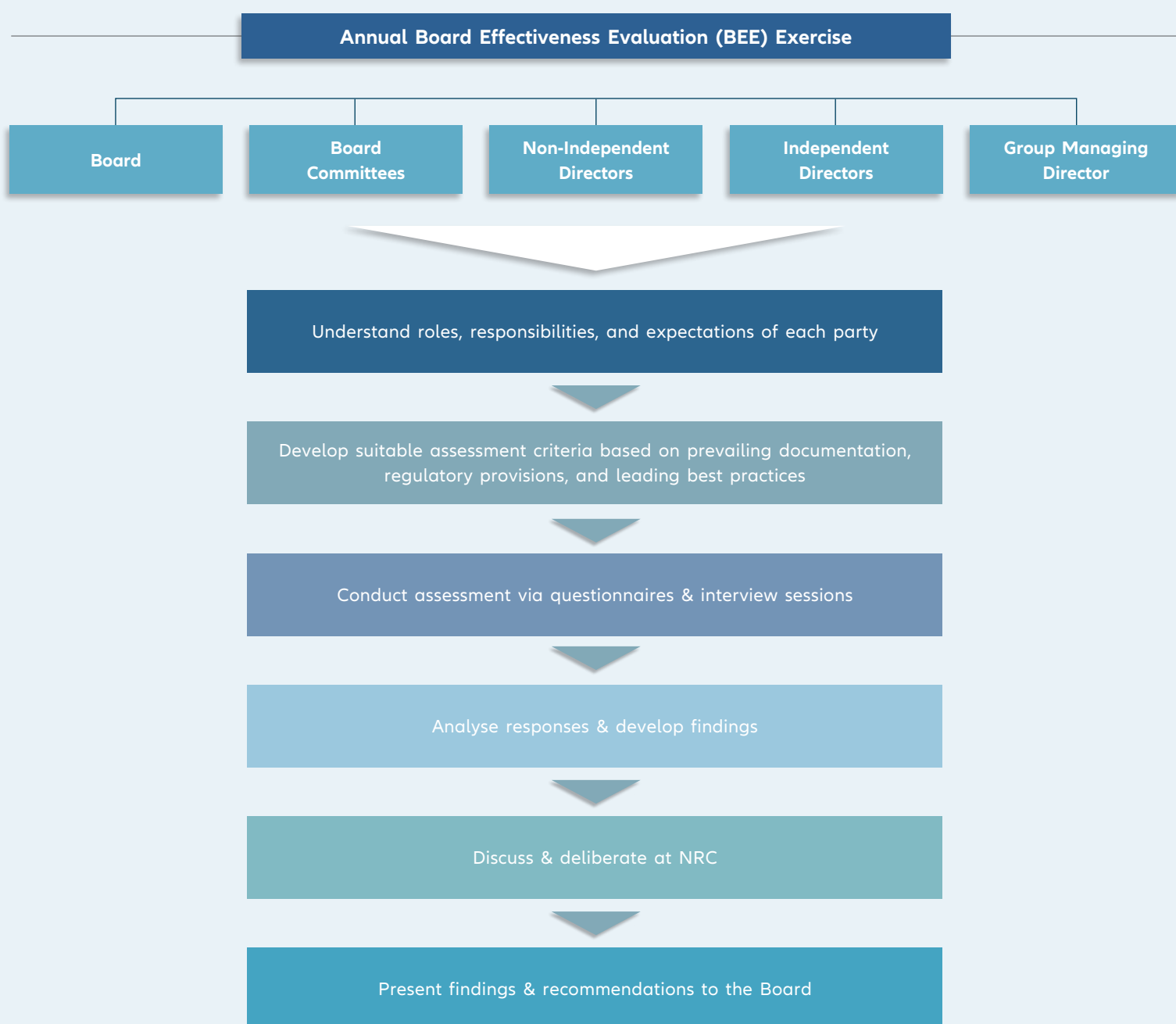


There were several improvement considerations highlighted, clustered into the following three (3) categories:

- Succession planning and board diversity
- Strategic deliberations and innovations
- Integrated risk management and oversight

The assessment results were reviewed by the Nomination & Remuneration Committee on 19 February 2021 and subsequently presented to the Board of Directors on 25 February 2021. Overall, the results of the evaluation were favourable.

Based on the findings of the BEE, the Board is also satisfied with the performance and effectiveness of the Board Committees in providing sound advice and recommendations to the Board for the year under review.



Corporate Governance Overview Statement

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Appointment of Directors

MRCB practices a formal and transparent process on the appointment of new Directors. The nomination of Non-Independent Non-Executive Directors (NINED) to the Board is the prerogative of the major shareholders of the Company, as defined within Bursa Malaysia's Main Market Listing Requirements (MMLR). The nomination of Independent Non-Executive Directors (INED) to the Board may be made via the recommendations from existing Board members and/or through the engagement of a professional recruiting firm to identify suitable candidates for any vacant positions.

In its selection of suitable candidates for the Board, the Nomination & Remuneration Committee (NRC) shall develop and deliberate selection criteria based on competencies and attributes required for the position. All nominees are first vetted by the NRC, taking into consideration:

- Skills, experience, and competencies necessary for the position;
- Personal characteristics, such as character, integrity, time commitment and independence;

- Diversity in terms of gender, race, age, culture, experience, and socio-economic background; and,
- Overall alignment with the Company's strategic direction.

Once shortlisted, all potential candidates will undergo comprehensive reference checks conducted by the Company Secretary, particularly in terms of their financial and character integrity. This includes background checks with credit agencies, local authorities, industry regulators, and enforcement agencies to ensure that the candidate is truly qualified to serve as a director. The NRC assesses all findings and makes a recommendation to the Board for its final approval. The Company Secretary further coordinates with the NRC to organise orientation sessions for newly appointed directors and to ease their onboarding process.

Similarly, the NRC also identifies and recommends to the Board for its approval, candidates for appointment as the Group Managing Director, Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer. Independent advisors and/or professional recruitment firms may also be engaged to identify suitably qualified candidates for these executive positions.

Appointment of new Directors or Senior Management



Re-election of Directors

Articles 101, 102, and 103 of MRCB's Constitution governs the process and sequence of re-election of Directors. The Articles can be summarised as follows:

Article 101


One-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM at least once in every three (3) years.

Article 102

The retiring Directors shall be those individuals who have served longest in office since their last appointment or election.

Article 103

If still eligible and willing, the retiring Directors may be re-elected at an AGM by way of Ordinary Resolution.

 Further details on the relevant Articles can be found within MRCB's Constitution at www.mrcb.com/corporate-governance/.

The Directors' rotation list is presented to the Board and thereafter to the shareholders for approval. In assessing the candidates' continued eligibility, the Board considers their competencies, commitment, contribution, and performance based on the BEE, along with their ability to act in the best interest of MRCB.

Directors retiring by rotation in 2020

- Rohaya Mohammad Yusof
- Jamaludin Zakaria

As Jamaludin Zakaria had indicated his intention to retire at the end of his tenure without seeking further re-election, the Board, via a resolution passed on 10 June 2020, gave its endorsement for Rohaya Mohammad Yusof to be considered for re-election at MRCB's 49th AGM. She was subsequently re-elected by way of Ordinary Resolution.

Succession Planning

The Board has established a framework on succession planning to govern human capital development within the Group. As outlined within the Board Charter, the Nomination & Remuneration Committee (NRC) has the responsibility to ensure adequate succession planning is conducted to ensure the orderly identification and selection of new Independent Directors in the event of an opening on the Board, whether such opening exists by reason of an anticipated retirement, the expansion of the size of the Board, or otherwise.

A Policy and Guidelines statement on Succession Planning for the Board and Senior Management has also been developed, in line with Practice E.5.3 of the MSWG-ASEAN Corporate Governance Scorecard.

REMUNERATION

Directors' Remuneration

Directors' remuneration is governed by the Group's Remuneration Policy and Procedures for Board of Directors and Key Senior Management, which is available on the Company's website, www.mrcb.com/corporate-governance. The document outlines the Company's policies in preparing competitive remuneration packages for Directors and key Senior Management that are best suited to attract and retain experienced, qualified, high-calibre key talent who are capable of driving the business, strategy, objectives, values, and long-term interests of MRCB. Remuneration packages should however always be commensurate with, and reflect the level of responsibility, accountability and experience required in the position, while encouraging value creation for MRCB and its stakeholders.

The Nomination & Remuneration Committee (NRC) reviews the remuneration packages of the Non-Executive Directors at least once in every three (3) years based on industry and market rates, and thereafter makes its recommendation to the Board for endorsement, prior to tabling to the Company's shareholders for their approval at the Annual General Meeting. All Non-Executive Directors receive a fixed base fee, plus meeting allowances and other benefits-in-kind as consideration for their Board duties. The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at the General Meeting. Remuneration of Non-Executive Directors is not linked to individual performance.

The Company provides a fair and reasonable remuneration for its Group Managing Director, to ensure that the Company attracts and retains a high calibre Group Managing Director who has the skills, experience and knowledge necessary to create value for the benefit of all shareholders. The remuneration for the Group Managing Director is based on his achievements and contributions, measured against his Key Performance Indicators. The Board determines the remuneration of the Group Managing Director, taking into consideration the recommendations of the NRC.

Corporate Governance Overview Statement

As the Directors do not receive any remuneration from any other companies within the Group, all the Directors' remuneration disclosed below were for services rendered to MRCB for the financial year ended 31 December 2020.

DIRECTORS' REMUNERATION

| Directors | Fee (RM) | Salary & Bonus (RM) | EPF & SOCSO (RM) | Leave Passage (RM) | Allowance (RM) | Car Allowance (RM) | Other Remuneration & Benefits -In-Kind (RM) | LTIP (RM) | Total (RM) |
|--|----------------|---------------------|------------------|--------------------|----------------|--------------------|---|----------------|------------------|
| Independent Chairman | | | | | | | | | |
| Tan Sri Azlan Mohd Zainol | 140,000 | - | - | - | 152,000 | - | 5,417 | - | 297,417 |
| Non-Independent Non-Executive Directors | | | | | | | | | |
| Rohaya Mohammad Yusof | 105,000 | - | - | - | 51,000 | - | - | - | 156,000 |
| Dato' Mohamad Nasir Ab Latif | 105,000 | - | - | - | 188,000 | - | - | - | 293,000 |
| Group Managing Director | | | | | | | | | |
| Mohd Imran Mohamad Salim | - | 1,034,000 | 226,923 | - | - | 96,000 | 26,594 | 172,196 | 1,555,713 |
| Independent Directors | | | | | | | | | |
| Jamaludin Zakaria | 56,230 | - | - | - | 62,903 | - | 11,108 | - | 130,241 |
| Hasman Yusri Yusoff | 105,000 | - | - | - | 90,000 | - | 58,899 | - | 253,899 |
| To' Puan Janet Looi Lai Heng | 105,000 | - | - | - | 99,000 | - | - | - | 204,000 |
| Total | 616,230 | 1,034,000 | 226,923 | - | 642,903 | 96,000 | 102,018 | 172,196 | 2,890,270 |

Senior Management's Remuneration and Shareholdings

Remuneration packages of key Senior Management are reviewed every two (2) years by the NRC. If applicable, any changes required are subsequently recommended to the Board. In addition to basic salary and allowances, remuneration for key Senior Management is linked to the long-term interests of the Company via the Long-Term Incentive Plan (LTIP), a deferred bonus scheme that grants shares upon successful achievement of Company-level key performance measures. It is the responsibility of the Board to collectively review, and if deemed fit, to approve the remuneration packages.

Details of the top five (5) Senior Management's remuneration for financial year ended 31 December 2020 are set out below. These include basic salary, bonuses, benefits-in-kind, statutory contributions, and other emoluments.

TOP FIVE SENIOR MANAGEMENT'S REMUNERATION

| Senior Management | Role | Remuneration (RM) |
|--------------------------|--|-------------------|
| Mohd Imran Mohamad Salim | Group Managing Director | 1,555,713 |
| Ann Wan Tee | Group Chief Financial Officer | 1,488,487 |
| Kwan Joon Hoe | Group Chief Operating Officer | 1,445,948 |
| Amarjit Singh Chhina | Chief Corporate Officer | 1,101,469 |
| Raymond Cheah Ho Chee | Chief Executive Officer, Property Development & Investment | 470,883** |

** Remuneration figures from 1 January 2020 up to his resignation on 9 April 2020.

Details of Senior Management's shareholdings in the Company during the financial year are set out below:

SENIOR MANAGEMENT'S SHAREHOLDINGS

| Senior Management | Number of ordinary shares | | | |
|--------------------------|---------------------------|-----------------------------|--------------------------|--------------------------|
| | Balance as at 01.01.2020 | Acquisition during the year | Disposal during the year | Balance as at 31.12.2020 |
| Mohd Imran Mohamad Salim | 468,200 | 0 | 0 | 468,200 |
| Ann Wan Tee | 806,700 | 0 | 0 | 806,700 |
| Kwan Joon Hoe | 549,100 | 0 | 0 | 549,100 |
| Amarjit Singh Chhina | 0 | 100,000 | 0 | 100,000 |
| Raymond Cheah Ho Chee | 0 | 0 | 0 | 0 |



MCCG Principle B: Effective Audit and Risk Management

ACCOUNTABILITY & AUDIT

Audit & Risk Management Committee (ARMC)

The Audit & Risk Management Committee assists the Board in fulfilling its risk governance and oversight responsibilities over the activities of the Group. The Chairman of the ARMC, Hasman Yusri Yusoff, is a member of the Malaysian Institute of Accountants (further details of his profile can be found on page 94). The Chairman is supported by two (2) other members who are suitably qualified, in line with the requirements of paragraph 15.09 of the Main Market Listing Requirements (MMLR).

For the financial year ended 31 December 2020, the Board agreed that the ARMC has continued to support the Board in reviewing financial and audit matters, contributing to the overall effectiveness of the Board's decision-making process. The Board is satisfied that the ARMC has discharged its functions, duties, and responsibilities in accordance with the ARMC's Terms of Reference.

Further details on the structure and activities of the ARMC are disclosed in the Audit & Risk Management Committee Report on pages 132 – 135.

Financial Reporting

The Board is committed to providing a fair, objective, and meaningful assessment of the financial position and prospects of the Group in all its reports. The Statement by Directors in respect of preparation of the annual audited financial statements is set out on page 6 of the 2020 Financial Report.

All financial results and financial statements are reviewed by the Audit & Risk Management Committee (ARMC) prior to being recommended to the Board for approval. The ARMC meets regularly with the external auditors to discuss and review any audit findings that are highlighted by the external auditor for the ARMC's attention.

Risk Management and Internal Control

The Board has delegated primary responsibility for the operation of the Group's risk management and internal control framework, which includes financial, operational and compliance controls, to the Audit & Risk Management Committee (ARMC) and Management. A clear process is in place to identify, assess, respond, monitor, and report significant risks that may affect the achievement of the Group's business objectives. Further details on the features of the Group's risk management and internal control framework, the adequacy and effectiveness of said framework, and the role of the Group Risk Management Department are disclosed in the Statement on Risk Management & Internal Control on pages 124 – 131.

The Group has an internal audit function performed by the Group Internal Audit Department, which reports functionally to the ARMC and administratively to the Group Managing Director, to ensure impartiality and independence in executing their duties. The principal role of the Group Internal Audit Department is to undertake audits and reviews to evaluate the effectiveness of internal controls, governance and risk management processes so as to provide an independent and objective assurance to the Board and Management on the adequacy and integrity of the Group's internal control systems.

As the Board is ultimately responsible for the oversight of the Company, it is consistently kept informed by the ARMC of its activities. In this regard, the ARMC meeting is always held before a Board meeting to ensure that all critical issues, significant findings and irregularities are communicated to the Board on a timely basis. Further information on the internal audit function is disclosed in the Audit & Risk Management Committee Report on pages 132 – 135.

Corporate Governance Overview Statement

MCG Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Ongoing engagement and communication with stakeholders are vital in fostering a healthy relationship between the Company and its stakeholders. In recognising this, the Board ensures that there is effective, transparent, and regular communication with its stakeholders. Communication is achieved through various means, such as press conferences, press releases, publication of information on the Company's website and on social media, and engagement forums and meetings. A table detailing how we engage and address the concerns of various stakeholders can be found on pages 34 – 37 of this Integrated Annual Report.


CORPORATE INTEGRITY & ETHICS

Corporate Liability

The Corporate Liability provisions within Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 criminalizes an organisation for corruption-related actions undertaken by associated persons for the benefit of the organisation. With the legislation coming into effect in 2020, the Board is confident that our past efforts to strengthen operational policies and procedures will sufficiently protect the Company and our stakeholders. However, given the ever-changing risk landscape facing our operations, we remain committed to reviewing and strengthening our internal procedures in an ongoing manner to ensure continued compliance.

Anti-Bribery & Corruption

We are committed to conducting our business dealings with integrity and have adopted a zero-tolerance approach to all forms of bribery and corruption. The Group's Anti-Bribery and Corruption Policy (ABC Policy) has been developed to comply with the stringent standards and requirements specified within MRCB's Anti-Bribery Management System (ABMS), which is now in its 2nd year of ISO37001:2016 certification by an international certification body.

 Further information on our ABC Policy can be viewed at www.mrcb.com/corporate-governance/.

Trading on Insider Information

The Capital Markets and Services Act 2007 (CMSA) and the Main Market Listing Requirements (MMLR) of Bursa Malaysia prohibit dealings of securities by persons, whether directly or indirectly, on the basis of material non-public information about a company, as well as the disclosure of such information to others who then trade in the company's securities.

The Company Secretary issues a Notice of Closed Period to Directors and Senior Management on a quarterly basis, highlighting the requirements with regards to dealing in the Company's shares during the "Closed Period"/"Outside Closed Period" as they may be in possession of price-sensitive information relating to MRCB.

During the year under review, neither the Board nor the Principal Officers of the Company conducted any trading activity within the closed period.

Integrity of Information

The Board is committed to providing a fair, objective, and meaningful assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, integrated annual report and all other reports or statements to shareholders, investors, regulatory authorities, and other stakeholders.

INVESTOR RELATIONS (IR)

In supporting our strategy for long-term growth and sustainability, MRCB strives to continuously cultivate a strong relationship with its shareholders and investors. Despite the movement control orders throughout most of 2020, we still managed to engage in active dialogue through a structured plan of IR activities.

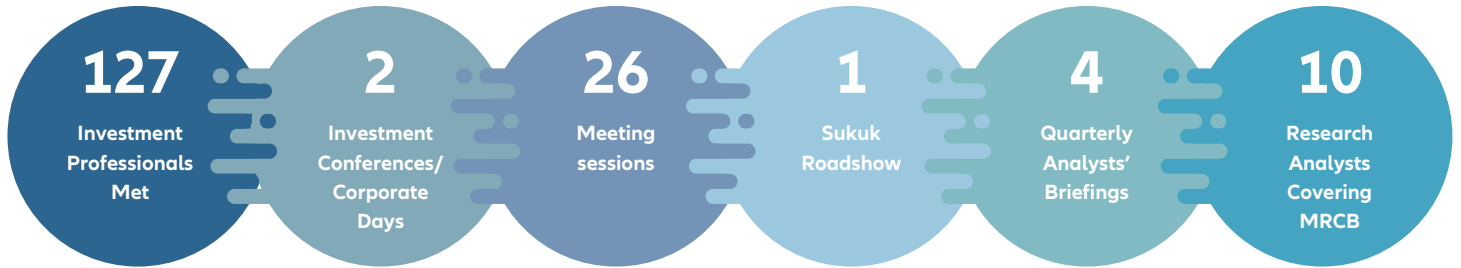
Accessibility in an ever-changing investment climate is also important. In recognising this, we ensure that we respond to daily queries from investors and analysts through our dedicated IR team, corporate website at www.mrcb.com and our IR app. Our corporate website and IR app contain the Group's integrated annual reports, financial results, press releases, quarterly results presentations and disclosures to Bursa Securities and is updated in a comprehensive and very timely manner.

Channels of Communication

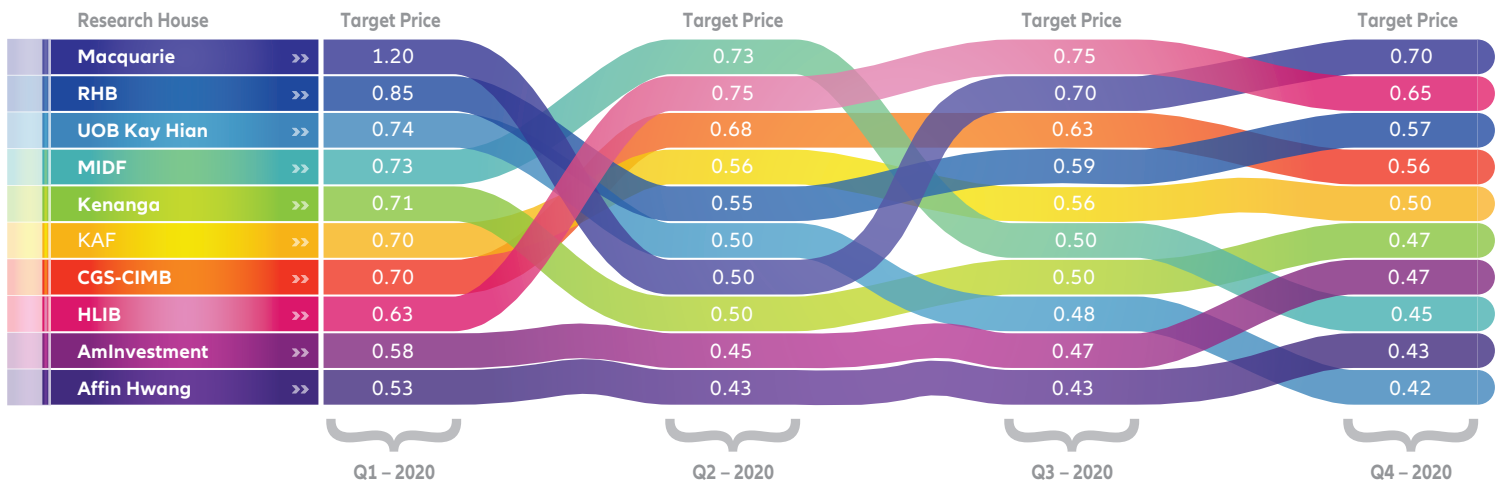
Our one-on-one and group meetings were conducted using various virtual meeting platforms and became the main avenue for MRCB to directly engage with institutional investors, investment analysts and brokers in 2020. In line with the timely release of MRCB's quarterly results announcements, we also continued to conduct our Quarterly Results Analysts' Briefings virtually, to ease participation and to ensure that all covering analysts could proactively participate during the presentation and question and answer sessions. The IR team also ensures that the Quarterly Results Analysts' Briefings presentations are uploaded in a timely manner on the Company's website, to ensure that all shareholders have access to the same information immediately.

MRCB is a corporate member of the Malaysian Investor Relations Association (MIRA) and Minority Shareholders Watch Group (MSWG). These memberships enable MRCB to ensure high standards and best practices of IR are maintained. Senior Management also maintains communications with MSWG to remain abreast of the latest developments on minority shareholders' rights protection and to be accessible to answer any questions.

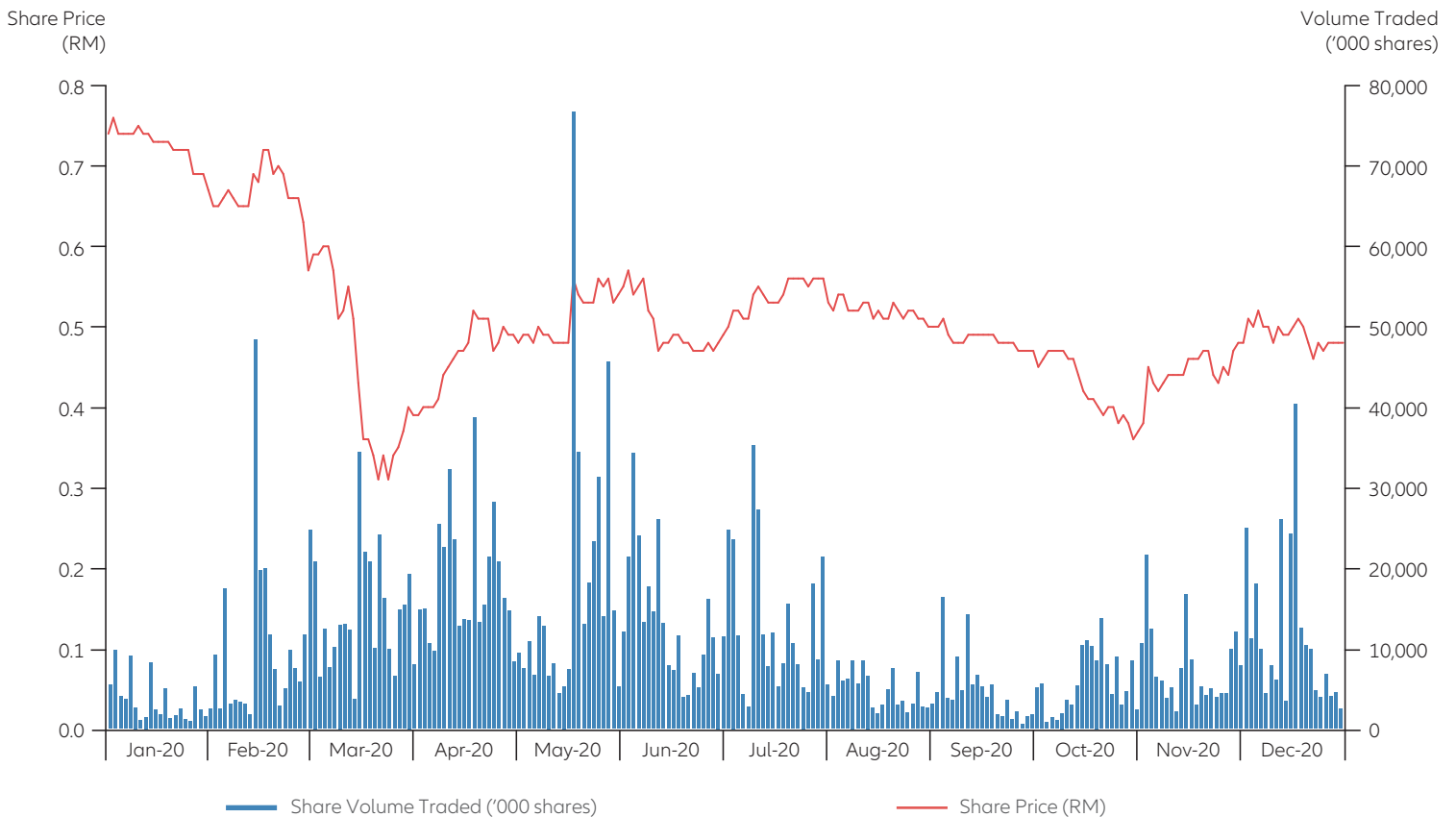
Key IR Activities in 2020



Target Price Forecasts (RM) by Analysts in 2020



MRCB Share Price Movement and Volume Traded Chart



Corporate Governance Overview Statement

Dividend Policy

The Company has established a Dividend Policy whereby shareholders can expect a dividend payout amounting to at least 20% of core net profits. For the financial year ended 31 December 2020, the Company is proposing a first and final single-tier dividend of 1.00 sen per ordinary share.

FEEDBACK

As part of our efforts to increase transparency, we encourage shareholders and investors to forward their questions and comments to the Company using the various modes of communications listed on the "Contact Us" page on the Company's website. Shareholders and members of the public may also contact the Senior Independent Director of the Company, Hasman Yusri Yusoff, to convey their concerns or questions. He may be contacted via email at:

Hasman Yusri Yusoff
Email: hasmany@mrbc.com



Conduct of General Meetings

The Annual General Meeting is a principal forum through which the Board communicates with shareholders on the Group's progress and performance, and where the Board clarifies issues pertaining to the Group's business strategy, activities, performance, and other related matters.

Shareholders are encouraged to participate in the meeting and are given the opportunity to ask questions and state their views. Where appropriate, the Chairman of the Board may provide a written response to any significant question that cannot be readily answered during the Annual General Meeting.

Where there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions is provided in the notice of the Annual General Meeting. Notice for a General Meeting is given to the shareholders at least 28 days prior to the meeting.

As required under Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions are put to vote by poll. The Company aims to leverage on technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at General Meetings.

In 2020, MRCSB held its 49th Annual General (AGM) meeting virtually on 14 July 2020 at KL Sentral Meeting Room, Level 30 MRCSB HQ. All questions raised during the 49th AGM were uploaded onto the corporate website for easy access. The decision to organise a virtual AGM allowed the Company to continue to meet our obligations to our shareholders, in line with the *SC Guidance Note on the Conduct of General Meetings for Listed Issuers* issued on 18 April 2020. It also allowed the Company to comply with public gathering restrictions imposed by the Government to prevent further spread of COVID-19.

While it is hoped that the COVID-19 pandemic conditions will ease in 2021, the Board is satisfied with the procedures and conduct of the 49th virtual AGM and is prepared to maintain the same approach for our 50th AGM, if necessary.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is fully committed to complying with the requirements of the Malaysian Code on Corporate Governance 2017 (MCCG 2017) and will continue to pursue efforts to address the remaining departures.

Though we continue to make strides in our efforts to improve corporate governance, the Board recognises that our governance practices will only be as strong as the people entrusted with appreciating and implementing them. As such, continued development of our people is critical to extract best value from our governance policies, processes, and structures.

Our key focus for the future will therefore remain on inculcating a culture of integrity within our diverse workforce. While cultural evolution will certainly be challenging, the Board views this as a crucial step in our ongoing journey to become a leading organisation that **sets the standard** in terms of value creation for all our stakeholders.

This Corporate Governance Overview Statement was approved by the Board of Directors at its meeting held on 29 March 2021.