

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 1651  
**COMPANY NAME** : MALAYSIAN RESOURCES CORPORATION BERHAD  
**FINANCIAL YEAR** : December 31, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MRCB is committed in ensuring that the highest standards of governance, integrity, and ethics are being practiced in the conduct of its business. The Board consistently espouses and promotes value-creating governance through a deliberate and structured approach, with purposeful and systematic processes that align with our core values as a Group.</p> <p>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 objectives. 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 periodically reviewed, mindful of the constantly evolving operating landscape to ensure that we continue to act in the best interest of our stakeholders.</p> <p>At MRCB, we maximise value by assiduously delivering on our purpose and ensuring relevance and sustainability of our business model. Accordingly, our commitment to sustainability is reflected in the way we do our business. We ingrain sustainability into our operations to create value by delivering property and infrastructure development solutions that aim to positively impact every facet of society and shape a better, healthier, and more equitable world for all.</p> <p>In carrying out its duties and responsibilities, the Board is assisted by four Board committees, namely the Audit &amp; Risk Management Committee ("ARMC"), Nomination &amp; Remuneration Committee ("NRC"), Executive Committee ("EXCO") and Long-Term Incentive Plan Committee ("LTIP Committee"). The Board delegates certain functions to these committees in accordance with their terms of reference. The duties and responsibilities of these committees are described in the respective committee's report in the Integrated Annual Report 2022, as well as the committee's terms of reference.</p>

	<p>The Board retains the ultimate responsibility for decisions made by the Board committees. The Board reserves certain key matters to itself for approval, such as the corporate plans and programmes, annual budget including major capital commitments, new ventures, material acquisitions and disposals of undertakings and assets, and changes to the Management control and structure within the Company and its subsidiaries, including key policies. The Board delegates responsibility for the day-to-day operations of the business to the Group Managing Director who is assisted by the Senior Management team.</p> <p>The Senior Management team is assisted in the decision-making process by management working committees such as the Tender Cost Committee, Pre-Qualification Committee, Group Risk Management Committee, Sustainability Management Committee, Corporate Social Responsibility Committee and other working groups.</p> <p>There are mechanisms in place to assess Management’s performance through key performance indicators which aligns Management’s performance to the Group’s strategic objectives.</p> <p>The Board also ensures that there is effective, transparent, and regular communication with shareholders and other stakeholders. In recognising the importance of investor relations as an integral part of corporate governance, Management has a dedicated investor relations team to manage all matters pertaining to investor relations. Further details on stakeholder engagement activities carried out can be found in the Corporate Governance Overview Statement in the Integrated Annual Report 2022.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by a Chairman who is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman are as follows:</p> <ul style="list-style-type: none"><li>▪ Providing leadership to the Board to ensure that the Board functions effectively, cohesively and independently of Management;</li><li>• Leading the Board in establishing and monitoring good corporate governance practices in the Group;</li><li>• Leading and 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;</li><li>• Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;</li><li>• Encouraging active participation and ensuring that decisions taken fairly reflect the Board's consensus, following the provision of sufficient time for detailed discussions at which dissenting views are allowed to be freely expressed;</li><li>• Promoting constructive and respectful relations between Board members and managing the interface between Board members and Management;</li><li>• Ensuring that appropriate steps are taken to provide effective communication with stakeholders and that views are communicated to the Board as a whole; and</li><li>• Leading efforts to address the Board's developmental needs.</li></ul> <p>During Board Meetings, the Chairman leads the discussion and encourages active participation, promoting an environment in which views can be freely expressed. The Chairman also plays a key role in the conduct of the General Meetings, ensuring the smooth tabling of resolutions and effectively managing all communications during the meeting.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.3**

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board practices a clear demarcation of duties and responsibilities between the Chairman, the Executive Vice Chairman and the Group Managing Director to ensure there is a balance of power and authority in the Board. The positions are also held by different individuals. The Chairman leads and governs the Board, whereas the Group Managing Director manages the day-to-day business operations of the Group and implements the Board's decisions. The distinct roles of the Chairman, the Executive Vice Chairman and Group Managing Director are specified in the Board Charter which is available on the Company's website, <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman is not a member of any of the committees of the Board. He has never been invited to attend any meeting of the committees of the Board.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary is a chartered practitioner and a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). He is an associate member of the Institute of Chartered Secretaries and Administrators (UK) since 1988. He 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.</p> <p>All members of the Board have access to the advice and services of the Company Secretary on matters relating to the Group to assist them in the performance of their duties.</p> <p>The Company Secretary manages the logistics of all Board and Board Committee meetings. Minutes of all Board and Board Committee meetings are recorded by the Company Secretary and circulated to the relevant parties. The Company Secretary also plays an advisory role to the Board with regards to regulatory and governance matters.</p> <p>The Company Secretary keeps himself abreast of the evolving regulatory changes and developments through continuous training.</p> <p>Further details can be found in the Corporate Governance Overview Statement in the Integrated Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company Secretary ensures that the annual meeting calendar is prepared and circulated in advance of each new year. Board papers are disseminated to the Directors at least 5 business days prior to the meeting via a secured collaborative software. 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. The minutes are circulated to the Directors in a timely manner.	
<b>Explanation for departure</b>	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		
	:		

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is firmly 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 obligation to act in the best interests of the Company and shareholders, and the need to always exercise good judgement and conduct themselves to the highest ethical standards.</p> <p>The Board Charter is reviewed and updated from time to time, with the last revision being made on 10 January 2022. This document can be viewed at <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Group has in place a Code of Business Ethics ("Code"). All Directors and employees of the Group are governed by the Code and are required to acknowledge having read and understood the Code upon appointment or upon commencement of employment. The Code prescribes principles and standards of ethical conduct and general corporate behaviour in the conduct of business, in line with the Group's standards and values. The Code addresses the following, among others:</p> <ul style="list-style-type: none"><li>▪ ethical conduct and responsibilities when dealing with external parties such as customers, suppliers, government agencies, competitors, media etc.;</li><li>▪ conflict of interest situations;</li><li>▪ proper use of the Group's assets and property;</li><li>▪ maintaining a safe and conducive work environment;</li><li>▪ preserving the confidentiality of the Group's information;</li><li>▪ safeguarding Group's reputation; and</li><li>▪ consequences of Code violations.</li></ul> <p>The Code also underscores the requirement to comply with all applicable laws and regulations and to uphold the principles of integrity, honesty and professionalism in the conduct of business and in the performance of duties. Complementing the Code are policies and guidelines such as the Anti-Bribery and Corruption Policy, Anti-Bribery Management System Policy, Gifts, Hospitality, Donations and Similar Benefits Policy, Conflict of Interest Policy, Due Diligence Guidelines and the Whistleblowing Policy, which reinforce the principles embedded in the Code.</p> <p>All Directors and employees are responsible in ensuring that the rules and practices in the Code are adhered strictly. A breach of the Code is considered as an act of misconduct and is subject to disciplinary action in accordance with the Group's Investigation &amp; Industrial Relations Policy.</p>

	The Code is reviewed from time to time as and when required, with the latest revision being approved by the Board on 10 January 2022. The Code can be viewed at the Company's website, <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has a Whistleblowing Policy, which also allows reports to be submitted about members of the Board, that outlines the process for submitting confidential whistleblowing reports. In the past year, we have introduced a proprietary Whistleblowing e-form. This approach streamlines the reporting format and improves data handling and analysis. All submissions are automatically sent electronically to the Group Managing Director and Head of the Integrity &amp; Discipline Department (IDD), as well as the Chairman, and the Chairman of the Audit &amp; Risk Management Committee (ARMC) who is also the Senior Independent Director – for their further action.</p> <p>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.</p> <p>The Whistleblowing Policy has proved to be an effective tool to detect and act against instances of misconduct within the Group. During 2022, we received three (3) claims or incidents of non-compliance reported through whistleblowing channels that have been reviewed, investigated, and actioned on accordingly. All whistleblowing cases and the results of investigations are reported to the Board during Anti-Bribery &amp; Corruption Updates, which is a permanent agenda item at the Quarterly Board Meetings. The policy is reviewed and updated periodically and can be viewed at <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a></p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors and Senior Management are responsible for sustainability and for overseeing the development and adoption of the Group Sustainability Strategy, and its related policies and risk mitigation plans.</p> <p>The Board Charter includes the Board's responsibility to promote sustainability as a driver of business performance, through appropriate environmental, economic, social and governance considerations in the Group's business strategies, which includes, among others, the following:</p> <ol style="list-style-type: none"><li>1. Establishing and overseeing the implementation of a sustainability framework in support of the Group's vision, with clear strategies, priorities, and targets;</li><li>2. Incorporating sustainability considerations when exercising its duties, including among others, the development and implementation of business plans, major plans of action, and risk management;</li><li>3. Reviewing and approving sustainability policies and procedures in support of the Group's sustainability framework and strategy; and</li><li>4. Overseeing the institutionalisation of sustainability within the Group.</li></ol> <p>In 2022, the Board's sustainability-related activities include:</p> <ol style="list-style-type: none"><li>1. Scope 1 and Scope 2 carbon emissions data review</li><li>2. Emission reduction strategies, science-based targets and expanding collection and disclosure of Scope 3 emissions data</li><li>3. Climate Risks and Opportunities, and Task Force for Climate-Related Financial Disclosure (TCFD) Qualitative risk assessment reporting</li><li>4. Sustainable procurement strategies for managing Scope 3 emissions</li></ol>

	<ul style="list-style-type: none"> <li>5. External communications and Stakeholder engagement on ESG</li> <li>6. Changes to F4GBM Index inclusion criteria for carbon-intensive industries</li> <li>7. Adoption of new ILO-aligned Human Rights Policy</li> <li>8. Compliance with EPF's Sustainable Investment Policy</li> <li>9. Compliance with Bursa Malaysia's Enhanced Sustainability Disclosure Requirements</li> <li>10. Development of a new sustainable design policy</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>We consistently communicated our sustainability priorities and progress to our external stakeholders through our integrated annual report. Our latest ESG performance can be found in the Integrated Annual Report 2022. We actively engaged with key stakeholders to make disclosures of our ESG performance through our ESG Brief, which is also publicly available on our corporate website. In 2022, 5 ESG-specific engagement sessions were conducted with investors.</p> <p>Internally, our strategies and progress are communicated during the Sustainability Management Committee (SMC) meetings conducted quarterly, also through engagements with relevant department such as Group Risk Management department (GRMD) on embedding sustainability related risks and opportunities in the Group’s Enterprise Risk Management (ERM) and Human Resources department on improving Diversity, Equity and Inclusivity at the workplace.</p> <p>MRCB frequently engages its internal stakeholders on sustainability matters through regular electronic direct mail (EDM) and by displaying ESG-related videos in waiting areas within its office building. In 2022, 8 EDMs on climate change were distributed to all employees.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board was briefed on climate-related issues, risks and opportunities by an external consultant. Also, the Sustainability Management Committee updates the Board on a quarterly basis on relevant sustainability issues and progress.</p> <p>All new Directors also undergo an orientation session to introduce the Company’s key activities, which also covers the Company’s sustainability performance and strategies.</p> <p>Furthermore, as part of efforts to ensure sustainability and ESG capacity amongst its members, relevant trainings and conferences are attended by the Board throughout the year.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>A Board Effectiveness Evaluation, which among others assesses the Board’s ability to drive the Company’s strategy, including those related to sustainability, was conducted to assess the effectiveness of the Board.</p> <p>Sustainability performance has been embedded in Management’s KPIs, which are linked to their remuneration, in addressing material sustainability risks and opportunities such as climate change and human rights.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The Chief Corporate Officer (CCO) has been identified by the Board to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group. To assist the CCO in executing this mandate, the Sustainability Management Committee (SMC) was established with the approval of the Board to address our climate-related risks and opportunities, support strategic planning for sustainable development, and manage overall risks.  The SMC comprises Heads of Divisions/Departments for all of MRCB's core operations and corporate functions. The CCO is designated as its Chairman and manages the material sustainability matters and ensures the Board stays abreast with and understands the sustainability issues, including climate-related risks and opportunities. Outcomes arising from the SMC meetings and other updates on sustainability matters are provided at the quarterly Board meetings as a permanent agenda item, where they are discussed and deliberated by the Board.

## Intended Outcome

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

## Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Articles 101, 102, 103, and 106 of MRCB's Constitution govern the process and sequence of re-election of Directors. The Articles can be summarised as follows:</p> <ul style="list-style-type: none"><li>▪ <i>Article 101</i> 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.</li><li>▪ <i>Article 102</i> The retiring Directors shall be those individuals who have served longest in office since their last appointment or election.</li><li>▪ <i>Article 103</i> If still eligible and willing, the retiring Directors may be re-elected at an AGM by way of Ordinary Resolution.</li><li>▪ <i>Article 106</i> Directors appointed as an addition to the existing Board shall hold office only until the next AGM and shall then be eligible for re-election.</li></ul> <p>The Directors' rotation list is presented to the Board for review and thereafter recommended to the shareholders for approval. The Board ensures that the notes accompanying the Notice of the General Meeting to shareholders are complete with all information necessary to support their informed decision-making on the matter. This includes:</p> <ul style="list-style-type: none"><li>a) An assessment of the candidates' continued eligibility for re-election based on their competencies, commitment, and performance track record, in line with MRCB's Directors' Fit and Proper Policy;</li><li>b) Details of any interest, position or relationship that might influence the candidates' capacity to function effectively; and</li><li>c) A clear statement outlining the Board's justification for recommending the re-election of the candidate.</li></ul>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Following the recent demise of our Independent Chairman, the number of Independent Directors has fallen from four to three members.	
		The Board is looking for appropriate candidates who can enhance the diversity, skillsets, and quality of the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	To source appropriate Independent Directors who can enhance the diversity, skillsets, and quality of the Board.	
<b>Timeframe</b>	:	Within 1 year	

**Intended Outcome**

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

**Practice 5.3**

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: As stated in the Board Charter, the Board has established a policy that the tenure of Independent Directors shall not exceed a cumulative term of nine (9) years without further extension. Long tenures could lead to the development of a sense of familiarity with Management and sympathy for their interests, which may impair and erode an Independent Director's objectivity.

### Intended Outcome

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

### Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All appointments of Directors and Senior Management are reviewed and recommended to the Board by the Nomination & Remuneration Committee (“NRC”) with due regard to a range of factors that include skills, experience, character, age, cultural background, and gender. The NRC proposes the re-election of Directors to the Board which in turn recommends the re-election of Directors to the shareholders for approval, ensuring that they are aligned with MRCB’s Directors’ Fit and Proper Policy.  Further information on the appointment process and the Board composition in terms of board tenure, board balance, gender diversity, and experience can be found in the Corporate Governance Overview Statement in the Integrated Annual Report 2022.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with updates to Paragraphs 15.01A and 15.08A(3) of Bursa Malaysia's Main Market Listing Requirements (MMLR) in the past year to strengthen Board effectiveness, MRCB has developed and applied a Directors' Fit and Proper Policy that sets out the approach and procedures to ensure a formal, rigorous and transparent process is being adhered to for the appointment and re-election of the Directors of MRCB and its subsidiaries. The said policy can be viewed at <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a>.</p> <p>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, Management, or major shareholders, and/or through the engagement of a professional recruiting firm or advisory bodies to identify suitably qualified candidates for any vacant positions. If the former approach was solely relied upon, the Nomination &amp; Remuneration Committee (NRC) provides appropriate justification outlining why this was deemed to be sufficient.</p> <p>In its selection of high-quality candidates who will be well-suited for the Board, the NRC develops and deliberates selection criteria based on competencies and attributes required for the position. All nominees are first vetted by the NRC, taking into consideration:</p> <ul style="list-style-type: none"><li>▪ Qualifications, skills, experience, relevant past performance, track record and competencies necessary for the position;</li><li>▪ Personal characteristics, such as character, level of probity and integrity, reputation, time commitment and independence;</li><li>▪ Diversity in terms of gender, race, age, culture, experience, and socioeconomic background; and</li><li>▪ Overall alignment with the Company's strategic direction.</li></ul>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Notice for the 51 <sup>st</sup> Annual General Meeting (AGM) were issued on 28 April 2022, and included resolutions for director appointments and re-elections along with explanatory notes on the Board's endorsement to seek shareholders' approval for the re-election of the retiring Directors and respective justifications for each director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination & Remuneration Committee is chaired by the Senior Independent Director, Dato' Wan Kamaruzaman Wan Ahmad.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	We currently have two (2) women directors – Dato’ Dr Junaidah Kamarruddin and Ms. Lim Fen Nee, who collectively account for 25% of the Board members.	
		The Board is looking for appropriate candidates who can enhance the diversity, skillsets, and quality of the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	To source appropriate women Independent Directors who can enhance the diversity, skillsets, and quality of the Board.	
<b>Timeframe</b>	:	Within 1 year	

**Intended Outcome**

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

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	A Policy and Guidelines statement on Succession Planning for the Board and Senior Management has been implemented and outlines our commitment to implementing an effective succession planning program that serves as a platform for the systematic identification and long-term development of a diverse pool of high-potential candidates that can contribute to the Company in future. This policy sets out clear selection criteria, including key skills and diversity in terms of background, gender, age, ethnicity, education, and field of experience. This document can be viewed at <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The effectiveness of the Board is vital to the success of the Group. It is therefore MRCB's practice to conduct a Board Effectiveness Evaluation ("BEE") annually, in order to assess the effectiveness of the Board as a whole, the respective Board Committees and the contribution of individual Directors. We also engage independent consultants at least once every three (3) years to support this process by facilitating more rigorous and objective evaluations. The results of the Board Effectiveness Evaluation and the recommendations to improve the Board's effectiveness are discussed and deliberated at the Nomination &amp; Remuneration Committee and the Board meetings.</p> <p>BDO Governance Advisory Sdn Bhd ("BDO") was appointed to undertake an independent evaluation of the effectiveness of the Board, its Committees, as well as the performance and contribution of each Director for year of assessment 2022.</p> <p>Surveys were distributed to the participants via an online platform hosted by BDO. Based on the survey results, the participants were also interviewed to solicit further feedback. These were followed by an analysis of the responses and insights provided by each participant.</p> <p>The following four key areas and attributes were analysed in the evaluation:</p> <ul style="list-style-type: none"><li>▪ Board Role Clarity</li><li>▪ Board Composition &amp; Renewal</li><li>▪ Board Processes</li><li>▪ Board Tasks</li></ul> <p>Additionally, open questions were included to allow the participants to highlight areas of strength and improvements to enhance Board effectiveness and ultimately, organisational performance.</p>

	<p>Overall, the results of the evaluation were positive. Based on the survey responses, MRCB's Board was benchmarked in the top quartile of boards when compared with comparable boards in BDO's database of public-listed companies based in Malaysia and Australia. The Board was benchmarked in the top quartile for the following 13 effectiveness factors; Board Role Clarity, Board Composition and Renewal, Committee Leadership, Performance Management of the Board, Board Delegations, Board / CEO Relationship, Information Management, Organisational Performance, Organisational Culture and Integrity, Executive Talent and Succession, Executive Remuneration, Continuous Improvement, and Adding Organisational Value.</p> <p>The findings and evaluation results were reviewed by the NRC on 23 March 2023 and subsequently presented to the Board on 27 March 2023.</p> <p>Based on the findings of the BEE, the Board is satisfied with its performance and effectiveness, and that of the Board Committees.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's Board and Senior Management Remuneration Policy was updated to appropriately reflect the different roles and responsibilities of Non-Executive Directors (NED), Executive Directors (ED) and Senior Management.</p> <p>The document outlines the Company's policies in preparing competitive remuneration packages for NEDs, EDs and Senior Management respectively, that are best suited to attract and retain experienced, qualified, high-calibre key talent who can drive the business, strategies, objectives, values, and long-term interests of MRCB. Remuneration packages are always commensurate with, and reflect the level of responsibility, accountability and experience required in each position, while encouraging value creation for MRCB and its stakeholders.</p> <p>The Policy is available on the Group's website, <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has a Nomination & Remuneration Committee to review and recommend matters relating to the remuneration of Board and Senior Management, guided by the Group's Board and Senior Management Remuneration Policy. The authority and duties of the Nomination & Remuneration Committee are set out in its Terms of Reference which is available in the Board Charter on the Company's website, <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a>  Further information on the duties, responsibilities and activities of the Nomination & Remuneration Committee can be found in the Nomination & Remuneration Committee Report in the Integrated Annual Report 2022.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### **Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed breakdown of individual Directors' remuneration for 2022 is disclosed in the Corporate Governance Overview Statement in the Integrated Annual Report 2022. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits-in-kind and other emoluments, and can be referred to in the following table.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Azlan Zainol	Independent Director	200	144	-	-	20.532	-	364.532	-	-	-	-	-	-	-
2	Tan Sri Mohamad Salim Fateh Din	Executive Director	-	-	1,680	-	37.575	192.643	1,910.218	-	-	-	-	-	-	-
3	Imran Salim	Executive Director	-	-	1,320	-	95.461	448.757	1,864.218	-	-	-	-	-	-	-
4	Dato' Mohamad Nasir Ab Latif	Non-Executive Non-Independent Director	150	169	-	-	7.011	-	326.011	-	-	-	-	-	-	-
5	Datuk Seri Amir Hamzah Azizan	Non-Executive Non-Independent Director	150	36	-	-	-	-	186	-	-	-	-	-	-	-
6	Mohamad Hafiz Kassim	Non-Executive Non-Independent Director	150	66	-	-	-	-	216	-	-	-	-	-	-	-
7	Dato' Wan Kamaruzaman Wan Ahmad	Independent Director	150	102	-	-	-	-	258.129	-	-	-	-	-	-	-
8	Dato' Dr Junaidah Kamarruddin	Independent Director	150	66	-	-	6.129	-	216	-	-	-	-	-	-	-
9	Lim Fen Nee	Independent Director	150	57	-	-	-	-	207	-	-	-	-	-	-	-

### 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 8.2

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

<b>Application</b>	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
<b>Explanation on application of the practice</b>	:	The summary of the top five Senior Management's remuneration in bands of RM50,000 is set out in the following table.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Ann Wan Tee	Group Chief Financial Officer	1,300,001-1,350,000	50,001-100,000	-	50,001-100,000	250,001-300,000	1,700,001-1,750,000
2	Kwan Joon Hoe	Group Chief Operating Officer	1,250,001-1,300,000	50,001-100,000	-	100,001-150,000	250,001-300,000	1,700,001-1,750,000
3	Amarjit Singh Chhina	Chief Corporate Officer	900,001-950,000	50,001-100,000	-	50,001-100,000	200,001-250,000	1,250,001-1,300,000
4	Dato' Haji Ishak Bin Haji Mohamed	Executive Vice President	1,050,001-1,100,000	50,001-100,000	-	0-50,000	0-50,000	1,150,001-1,200,000
5	Datuk Dell Akbar Khan Bin Hyder Khan	Executive Vice President	850,001-900,000	50,001-100,000	-	0-50,000	0-50,000	950,001-1,000,000



**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 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**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 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit & Risk Management Committee is chaired by Dato' Wan Kamaruzaman Wan Ahmad, a Senior Independent Director who is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Audit & Risk Management Committee's Terms of Reference states that a former key audit partner must observe a cooling-off period of at least three years before being appointed as a member of the Audit & Risk Management Committee. The Terms of Reference is available on the Company's website, <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit &amp; Risk Management Committee's Terms of Reference requires the Committee to assess the suitability, objectivity, and independence of the external auditor in considering the appointment of the external auditor.</p> <p>The ARMC meets regularly with the external auditors to discuss and review the audit plan, annual financial results and reports of examination and any audit findings that are highlighted by the external auditors for the ARMC's attention. In recommending the external auditors for reappointment, the ARMC reviews their performance, suitability, and independence.</p> <p>As part of the requirements of ISA 300 "Planning an Audit of Financial Statements" and the Malaysian Institute of Accountants (MIA) By-Laws on Professional Conduct and Ethics, the external auditors make representations on their independence as auditors. The external auditors confirmed that for the audit of the financial statements of the Group and Company for the financial year ended 31 December 2022, they have maintained their independence in accordance with their firm's requirements and with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants and with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). They have also reviewed the non-audit services provided to the Group during the year in accordance with the independence requirements and are not aware of any non-audit services that have compromised their independence as external auditors of the Group. They also reaffirmed their independence at the completion of their audit.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is 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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Members of the Audit & Risk Management Committee are financially literate. The Audit & Risk Management Committee's Terms of Reference states that all members should be financially literate and able to understand matters under the purview of the Audit & Risk Management Committee. All members attended continuous professional development programmes. The profiles of the members of the Audit & Risk Management Committee, as well as the details of trainings attended by the Directors can be found in the Integrated Annual Report 2022.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

## Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Directors (BOD) has established a pragmatic risk management and internal control oversight function. The BOD sets the tone from the top, and it ensures that the risk management and controls set-up embed the principles of ISO31000:2018 which include:</p> <ul style="list-style-type: none"> <li>▪ Integrated - The Group adopts risk management as an integral part of the Group’s processes;</li> <li>▪ Structured and comprehensive - The Group adopts a systematic, timely and structured approach to risk management;</li> <li>▪ Customized - Risk management framework and process are customised to align with the Group’s vision, mission and objectives;</li> <li>▪ Inclusive - Appropriate representative and views from internal stakeholders are considered during risk assessment process;</li> <li>▪ Dynamic – Risk assessment consider changes in internal and/or external context;</li> <li>▪ Best available information – Risk is assess based on historical and current information as well as future expectations, limitations and uncertainties;</li> <li>▪ Human and cultural factors - Risk management are significantly influence by human behaviour and culture.; and</li> <li>▪ Continual improvement - The Group develops and improve risk management maturity through learning and experience.</li> </ul> <p>The BOD has approved the Risk Management Policy &amp; Framework (RMPF) that serves as a documentary guide and reference for risk management implementation. The RMPF is reviewed periodically for continuous improvement.</p> <p>The Audit &amp; Risk Management Committee (“ARMC”) is mandated to support the BOD with the risk oversight function, which include:</p> <ul style="list-style-type: none"> <li>▪ Establishing risk management policies and procedures;</li> <li>▪ Implement and maintain a system for risk management process and internal controls which identifies, assesses, manages monitors, communicate and report key business risks;</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Reviews the effectiveness of the risk management framework adopted and the risk management processes employed, including the allocation of resources to implement such a framework;</li> <li>▪ Provide assurance to the Board on whether the risk management system is operating adequately and effectively; and</li> <li>▪ Review the Statement on Risk Management and Internal Control.</li> </ul> <p>The Management is tasked to identify, analyse, evaluate and treat the risks associated to the business and operations of the Group and is responsible for designing effective internal control measures and formulating mitigation strategies.</p> <p>All employees of the Group are responsible for managing risks within their respective areas of responsibilities. Periodic risk assessment was conducted to identify, analyse, evaluate, treat and report risks that may affect the achievement of the Group’s business objectives. Risks faced by the business are identified and evaluated based on the likelihood and potential impact of each risk, and where necessary, actions to mitigate the risks being formulated.</p> <p>The Group’s internal controls system adopts a “3 Lines of Defence” approach that integrates risk control and assurance to achieve operational excellence:</p> <ul style="list-style-type: none"> <li>▪ The first line of defence consists of management control and internal control measures residing at the operational level of the business units;</li> <li>▪ The second line of defence is formed by the Risk Oversight Function through the assessment and mitigation of emerging risks, which is facilitated by Group Risk Management; and,</li> <li>▪ The third line of defence is the Audit Oversight Function by the Group Internal Audit that provides independent assurance.</li> </ul> <p>Further information is disclosed in the Statement on Risk Management and Internal Control (SORMIC) of the Integrated Annual Report 2022.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors has approved the following to be disclosed in the Integrated Annual Report 2022:</p> <ol style="list-style-type: none"> <li>1) Statement on Risk Management and Internal Control (SORMIC) which includes disclosure on: <ol style="list-style-type: none"> <li>a. Responsibility and accountability for the implementation of risk management process;</li> <li>b. Risk management governance that consists of a Risk Oversight Structure, Risk Management Policy and Framework (RMPF), and Enterprise Risk Management (ERM) process;</li> <li>c. Main feature of internal control and internal control initiatives which have been in place throughout the year 2022; and</li> <li>d. Assurance that the risk management and internal control system of the Group is operating adequately and effectively for the financial year ended 31 December 2022 and up to the date of the statement.</li> </ol> </li> <li>2) Our Risks and Mitigations which include the disclosure of Key Enterprise Risks (KER) that may impact the ability of the Group to achieve its strategic objectives. These risks are monitored and managed within the Group's acceptable appetite and tolerance levels.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit &amp; Risk Management Committee assists the Board in the oversight of an adequate, efficient and effective risk management and internal control functions for the Group and oversees the Group's risk management framework and policies. Majority of the members of the Audit &amp; Risk Management Committee are Independent Directors.</p> <p>The Terms of Reference of the Audit &amp; Risk Management Committee is available on the Company's website, <a href="http://www.mrcb.com.my/corporate-governance.html">www.mrcb.com.my/corporate-governance.html</a>.</p>

### 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 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function of the Group is carried out by the Group Internal Audit Department (“GIA”) which operates independently of management and reports directly to the Audit &amp; Risk Management Committee (“ARMC”). The GIA has direct access to the ARMC Chairman on all internal control and audit issues. The GIA also communicates with external auditors to assist in clarifying matters raised by the external auditors where necessary.</p> <p>The principal role of the GIA is to undertake audits and reviews to evaluate the effectiveness of internal controls, governance, and risk management processes to provide independent and objective assurance to the Board and Management on the adequacy and integrity of the Group’s internal control systems, governance, and risk management processes.</p> <p>The ARMC reviews and approves the annual internal audit plan to ascertain the extent of its scope and coverage of the Group’s activities, including the adequacy of the GIA’s resources in supporting completion of the plan. The internal audit reports in respect of the Group’s operations are reviewed and deliberated by the ARMC every quarter. The internal audit reports comprise key audit findings, auditors’ recommendations, Management’s responses to the findings and agreed action plans. Continuous follow-up reviews are also carried out to ascertain the status of the implementation of corrective and preventive measures taken by Management in relation to audit findings raised previously. The status of these Management action plans are also reported to the ARMC for its review at each quarterly meeting.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function of the Group is carried out by the Group Internal Audit Department (“GIA”). The GIA operates independently of management and reports directly to the Audit &amp; Risk Management Committee (“ARMC”). The GIA comprises four staff, and is headed by Kailash Herkishan, who holds a bachelor’s degree in Accountancy from University Malaya and is a member of the Malaysian Institute of Accountants (“MIA”) and the Malaysian Institute of Certified Public Accountants (“MICPA”). He has extensive experience in internal and external audit. The internal auditors have relevant qualifications, and all staff are encouraged to continuously enhance their knowledge, skills and competencies by attending relevant professional education, seminars, formal training and on-the-job training. Internal Audit personnel are free from any relationship or conflict of interest which could impair their objectivity and independence.</p> <p>The objectives, mission, scope, organization, authority and responsibilities of the Internal Audit function are spelt out in the Internal Audit Charter, which has been approved by the ARMC. The GIA adopts a risk-based audit approach in its annual audit planning which takes into consideration the risk assessment, business plan, previous audit results, as well as the ARMC’s and Management’s inputs. The audits are guided by the established internal audit framework of the Group as well as the International Professional Practices Framework of the Institute of Internal Auditors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In supporting our strategy for long-term growth and sustainability, MRCB strives to continuously cultivate a strong relationship with its stakeholders through a structured plan of engagement activities.</p> <p>In 2022 we engaged with over 100,000 internal and external stakeholders consisting of employees, shareholders/investors, regulatory bodies, clients/customers, media personnel, suppliers/sub-contractors, and the surrounding local communities. Details on our engagement approach and outcome can be read on pages 46-55 of the Integrated Annual Report 2022.</p> <p>Apart from targeted engagements mentioned above, the Company also responds to daily queries from investors and analysts through our dedicated IR team, corporate website at <a href="http://www.mrcb.com.my">www.mrcb.com.my</a> and our IR app. These platforms are also made accessible to the general public. MRCB's corporate website and IR app contain the Group's Integrated Annual Reports, financial results, press releases, quarterly results presentations, ESG Brief and disclosures to Bursa Securities, and are updated when required in a comprehensive and very timely manner.</p> <p>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.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group adopted Integrated Reporting for a fourth year with the publication of its Integrated Annual Report 2022. The Report incorporates the guiding principles and content elements as prescribed by the International Financial Reporting Standards Foundation's International Integrated Reporting Framework.  As Integrated Reporting is an on-going journey, the Group will continue improving its Integrated Annual Reports in line with global best practices.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Since 2017, the Company has issued the Notice of Annual General Meeting to the shareholders of the Company 28 days prior to the meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>While Malaysia officially began its transition to endemicity in April 2022, precautionary measures were still undertaken by MRCB to safeguard the well-being of its employees and shareholders. In an effort to mitigate escalation of COVID-19 cases, the Company conducted its 51<sup>st</sup> Annual General Meeting (“AGM”) on 2<sup>nd</sup> June 2022 in a fully virtual manner through live streaming from the broadcast venue at KL Sentral room, Level 30, Menara Allianz Sentral.</p> <p>All Directors including the Chairman of the Audit &amp; Risk Management, Nomination &amp; Remuneration, and other committees attended the AGM and provided meaningful responses to questions addressed to them.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Currently, the Company has approximately 43,000 shareholders with the majority of shareholders being Malaysians.</p> <p>MRCB conducted its 51st Annual General Meeting (AGM) in a virtual manner on 2 June 2022 from our offices in Kuala Lumpur Sentral. The decision to organise a virtual AGM allowed the Company to continue to meet our obligations to our shareholders, in line with the updated <i>SC Guidance Note on the Conduct of General Meetings for Listed Issuers</i> as issued on 7 April 2022. The session utilised a virtual meeting solution that facilitated remote shareholders' participation, along with a secure and encrypted e-polling solution that allowed voting in absentia.</p> <p>Shareholders were able to log on and participate remotely as well as pose queries online via the technology platform provided by Boardroom Share Registrars Sdn Bhd. All questions raised during the 51<sup>st</sup> AGM were uploaded onto the corporate website for easy access.</p> <p>As required under Bursa Malaysia Securities Berhad's <i>Main Market Listing Requirements</i>, all resolutions tabled during AGM are voted by poll and the results and procedures were validated by GovernAce Advisory and Solutions Sdn Bhd, an independent scrutineer, and presented during the AGM.</p> <p>The Board is satisfied with the procedures and conduct of the 51<sup>st</sup> virtual AGM given the active participation from shareholders during the session.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Chairman encourages a culture of openness, allowing for descriptive questions from the shareholders to be addressed appropriately by the Management without filtering the questions as the Board is cognisant that shareholders have the right to have their questions appropriately addressed.</p> <p>For the 51<sup>st</sup> AGM held on 2<sup>nd</sup> June 2022, all stakeholders were afforded the opportunity to submit their questions in advance of the AGM via a range of channels, including e-mail, telephone, or the virtual meeting system. During the AGM, shareholders were able to log on and participate remotely as well as pose questions online via the technology platform provided by Boardroom Share Registrars Sdn Bhd. At the AGM, the Company led by the Chairman and Senior Management addressed a total of 82 questions on various matters covering, among others, financial, non-financial, strategic and administrative topics.</p> <p>All questions raised were afforded due attention and received meaningful responses from the appropriate respondents directly within the session. Shareholders were also not restricted by time and the Q&amp;A session only ended when there were no further questions from the floor. All the questions raised during the AGM and the relevant answers were provided in the Company's website after the meeting.</p> <p>Shareholders are also encouraged to provide questions after the AGM to our Senior Independent Director and Investor Relations team, whose email addresses are provided in the Integrated Annual Report and Corporate website.</p>
<b>Explanation for departure</b>	:  

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

## Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Company conducted its 51<sup>st</sup> Annual General Meeting (“AGM”) on 2<sup>nd</sup> June 2022 in a fully virtual manner through live streaming from the broadcast venue at KL Sentral room, Level 30, Menara Allianz Sentral. In line with the revised <i>SC Guidance Note on the Conduct of General Meetings for Listed Issuers</i> issued on 7<sup>th</sup> April 2022, all the Directors, Senior Management and the Company Secretary of the Company participated virtually. Full attendance was observed by all Directors.</p> <p>The AGM serves as the principal platform for the Board and Senior Management of the Company to present the financial highlights, investment portfolio updates, operational performance, market outlook and strategic trajectory. The shareholders are encouraged to actively participate during AGMs by raising questions and providing feedback to the Board and Senior Management.</p> <p>Shareholders were provided the opportunity to pose unfiltered questions throughout the duration of the Q&amp;A session. These questions were also presented on the screen for all attendees to see, thus providing a real-time interactive experience.</p> <p>All questions raised during the 51<sup>st</sup> AGM were answered during the AGM and also uploaded onto the corporate website for easy access. Minutes of the AGM are also made available on the corporate website of the Company.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	



<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Minutes of the 51 <sup>st</sup> Annual General Meeting held on 2 <sup>nd</sup> June 2022 was made available to the shareholders of MRCB on 15 <sup>th</sup> July 2022 on the Company's website, <a href="http://www.mrcb.com.my/investor-relations/shareholder.html">http://www.mrcb.com.my/investor-relations/shareholder.html</a>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
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.*

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