

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5983
COMPANY NAME : MBM Resources Berhad
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>MBMR is led by its Board of Directors who has full and effective control over the business undertakings of the Company in the interest of its shareholders, subject to the powers reserved for shareholders under the Company's Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and applicable laws.</p> <p>This includes the responsibility for setting the Company's overall strategic direction and reviewing, approving, adopting and monitoring the implementation by the Management of the annual strategic and business plan for the Company and the Group as a whole towards achievement of the Company's short-term and long-term goals.</p> <p>The Board, as guided by the Company's Board Charter, retains effective control over important policies and processes covering areas such as internal controls, risk management and remuneration of employees of the Company. The Board Charter is available on MBMR's website at www.mbmr.com.my.</p> <p>To enable the Board to discharge its responsibilities in meeting the Company's goals and objectives, the Board:-</p> <ul style="list-style-type: none">• Together with Senior Management foster a healthy corporate governance culture which is founded on the principles of transparency, objectivity and integrity;• Ensure that Senior Management has the necessary skills and experience, and there are proper succession planning measures in place;• Ensure that the Company has in place effective communication channels with stakeholders; and

	<ul style="list-style-type: none"> • Ensure that there is a sound framework on corporate reporting, including financial and non-financial reporting. <p>The Board has also delegated certain of its responsibilities to the Board Committees, which operate within clearly defined Terms of Reference of respective Committees. The Terms of Reference are available on MBMR’s website at www.mbmr.com.my.</p> <p>The Board has also adopted a formal Code of Business Conduct & Ethics that applies to activities of all Directors and employees of the Group. The Code of Business Conduct & Ethics encapsulates the Company’s values and standards and is communicated to all stakeholders through the Company’s website at www.mbmr.com.my.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Chairman is Datuk (Dr.) Aminar Rashid bin Salleh. He was the Managing Director of Perusahaan Otomobil Kedua Sdn Bhd ("Perodua") from 2009 to 2012 and President and Chief Executive Officer of Perodua from 2013 to 2018. The Board believes that with Datuk (Dr.) Aminar Rashid's extensive experience in automotive industry, he will add tremendous value to the strategic direction and depth of the decisions made.</p> <p>The Chairman provides leadership during Board meetings and acts as the conduit amongst members that sparks discussions and debates which ultimately results in Board decisions. He also promotes a culture of openness and debate whilst ensuring that no Director dominates the discussion.</p> <p>Additionally, he ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board.</p> <p>He also sets the agenda for meetings in advance along with the Company Secretary and deliberates all agenda items in the Board meetings.</p> <p>The Chairman is also present at the Annual General Meeting ("AGM") and acts as the spokesperson for the Board and by extension, the Company to provide effective communication with stakeholders.</p> <p>Lastly, the Chairman was also actively involved in the formation of the Board Charter and continues to review its effectiveness with the goal of creating an effective Corporate Governance system for the Company. He also takes the lead in matters of good Corporate Governance and keeps abreast with new developments through participations in seminars and training on the subject.</p> <p>The responsibilities of the Chairman are contained in the Board Charter, which is available on MBMR's website at www.mbmr.com.my.</p>

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board is Datuk (Dr.) Aminar Rashid bin Salleh whilst the current President & Chief Executive Officer ("CEO") is Encik Muhammad Fateh Teh Bin Abdullah ("En. Fateh") who was appointed as the President & CEO on 8 February 2021. The former President & CEO, Dr. Muhammad Iqbal bin Shaharom held office until 3 October 2020 and Ms Chin Tze Fui @ Annie Chin was appointed as the Acting President & CEO on 5 October 2020 and held office until 8 February 2021.</p> <p>The roles of Chairman and CEO are separate and clearly defined as to foster a separation of responsibilities as leader of the Board and to ensure a balance of power and authority.</p> <p>The Chairman of the Board is responsible for leadership of the Board, ensuring that all its required functions and responsibilities are met. Whilst the President & CEO spearheads the business and day-to-day management of the Group and implements the strategies as directed by the Board.</p> <p>The roles and responsibilities of the Chairman and CEO are provided in Item 4.6 of the Board Charter, which is available on MBMR's website at www.mbmr.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of MBMR has appointed Ms Wong Peir Chyun and Ms Wong Wai Foong from Tricor Corporate Services Sdn Bhd as its Company Secretaries. Both Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators and have been undertaking continuous professional development.</p> <p>The Company Secretaries work closely with the Board and Board Committees, and play an important role in good governance by advising the Board and its Committees in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Companies Act 2016 and other relevant laws and regulations.</p> <p>The roles and responsibilities of the Company Secretaries include, but are not limited to the following:-</p> <ul style="list-style-type: none">• Attend and record minutes of all Board and Board Committee meetings and facilitate Board communications;• Advise the Board on its roles and responsibilities as well as corporate disclosures;• Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;• Ensure adherence to the Board policies and procedures;• Advise the Board on its obligatory requirements to disclose material information to shareholders in a timely manner; and• Manage processes pertaining to General Meetings. <p>The Company Secretaries further ensure proper and timely dissemination of Board level decisions to the Management.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Directors may hold meetings for the despatch of business and adjourn and otherwise regulate their meetings as they think fit.</p> <p>Prior to each Board meeting, the Directors receive all the necessary materials related to the meeting's agenda, at least five business days in advance, whenever possible. This enables the Directors to have sufficient time to review the documents and to obtain further explanations, where deemed necessary, to facilitate meaningful deliberations during the meeting.</p> <p>Upon completion of each Board meeting, the Company Secretaries shall circulate the minutes to the Directors for review as soon as practicable, after the meeting is held. The Board ensures that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular manner.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a formal Board Charter which is made available on the Company's website at www.mbmr.com.my.</p> <p>This Board Charter serves as a primary reference point on governance matters for Directors.</p> <p>MBMR's Board Charter defines the composition of the Board, duties and responsibilities of the Board, the Chairman and the CEO as well as the matters reserved for the Board.</p> <p>The Board Charter is subject to an annual review and more frequently, if required, to ensure it remains consistent with any changes in law, regulatory requirements, and Company policy that affects the Board Charter. The Board reviewed and approved the updated Board Charter on 26 February 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a formal Code of Business Conduct & Ethics ("COBCE") with the objective of providing guidance on the standards of behaviour expected from the Directors and employees of the Group and where applicable, any third parties including counterparties and business partners. The COBCE places great emphasis on fair, honest and ethical behaviour in conducting business and includes inter alia the following core areas:-</p> <ul style="list-style-type: none">• Safe and healthy workplace environment which exhibits professionalism and respect towards fundamental human rights, and is free from harassment, violence and unlawful / criminal activities;• Managing and reporting of conflicts of interest;• Strict prohibition against all forms of bribery and corruption;• Protecting the Group and shareholders in terms of the Group's assets, financial information, proprietary and confidential information and reputation;• Expected standards of business conduct and ethics in dealing with counterparties, government authorities and political parties;• Adherence to applicable laws and regulations pertaining to environmental, health and safety, insider trading, anti-money laundering, anti-terrorism financing. <p>The Board also adopts a zero-tolerance approach against all forms of bribery and corruption and takes a strong stance against such acts. With Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA") taking effect on 1 June 2020, the Board had approved and implemented the MBMR Group Anti-Bribery and Anti-Corruption Policy ("ABC Policy") which sets out the Group's position on avoiding bribery and corruption practices in all its forms in the Group's daily operations. The ABC Policy is developed based on the "T.R.U.S.T" Principles under the</p>

	<p>Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACCA. The ABC Policy has been published on the Company's website at www.mbmr.com.my in compliance with Paragraph 15.29 of the Main Market Listing Requirements.</p> <p>The COBCE and ABC Policy are reviewed periodically by the Board to ensure adequacy and updated from time to time to reflect or incorporate any new regulatory requirements / developments. All Directors and employees are required to periodically attest and acknowledge their acceptance of the aforesaid policies and the latest versions of these policies are made available on the Company's website at www.mbmr.com.my.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a whistleblowing policy aimed at providing an avenue for all employees and members of the public to disclose any improper conduct or criminal offence committed or about to be committed within the Group including, inter alia, suspected and/or known fraud, corruption, and other unlawful acts.</p> <p>The whistleblowing policy sets out the processes, procedures and appropriate channels which facilitate whistleblowing.</p> <p>Additionally, the whistleblowing policy provides the whistleblower with protection of confidentiality as to identity, to the extent reasonably practicable, and protection against adverse or detrimental actions or retaliation for disclosure of any improper conduct, provided that the disclosure is made in good faith.</p> <p>The Board reviewed and approved the updated whistleblowing policy on 19 August 2020. The policy is available on the Company's website at www.mbmr.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at 31 December 2020, the Board comprised six (6) non-executive members, four (4) of whom were Non-Independent Directors and two (2) were Independent Directors. The Company complied with the requirement under Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Securities, i.e. at least 2 directors or 1/3 of the Board of Directors are independent directors.</p> <p>The independence of Directors is assessed annually via Independence Assessment and letter of confirmation of independence against a list of criteria and materiality thresholds that have been incorporated into the MBMR Board Charter. All the Independent Directors of the Company comply with the relevant criteria for independence as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities [Item 3.2 of the Board Charter).</p> <p>The Board considers that the Company's interests as a whole will be best served by the Non-Independent Non- Executive Directors forming a majority of the composition of the Board and contributing to the strategies and policy decisions of the Company from a highly invested standpoint, while the Independent Directors continue to provide a significant check and balance function to ensure that decisions are free of any conflict of interest.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nominating and Remuneration Committee (“NRC”) is empowered to bring to the Board recommendations with regards to the appointment of any new Director (Executive, Non-Executive or Independent) and key senior management personnel.</p> <p>Prior to recommendation by the NRC to the Board on any appointment, the NRC considers candidates on merit and against objective criteria with due regard to diversity in skills, experience, backgrounds, age, gender and ethnicity.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the value of appointing individual Directors who brings diverse opinions, skills, experience, backgrounds, characteristics, and competency to its discussions and decision-making processes. As such, during the selection of new Directors, the Board shall take into account the diversity of the candidate's character, gender, age and ethnicity, skills, knowledge, experience, background, competency and perspective as described in the Board Charter. The Board Charter is available for viewing at the Company's website at www.mbmr.com.my .	
		As at 31 December 2020, there was one female Director on the Board of MBMR and one female member in a senior management position. The Board aspires to meet the recommendation of having at least 30% women Directors on the Board when seeking potential candidates for the Board in the near future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Others	

Intended Outcome

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

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	The task of identifying suitably qualified candidates for appointment of Directors of the Board is carried out by the NRC who relies on multiple channels of recommendation, including endorsement from Board members, internal promotion from Management team, major shareholders and independent search firms.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Nominating and Remuneration Committee (“NRC”) is Datuk (Dr) Aminar Rashid bin Salleh, Chairman of the Board, who is an Independent Non-Executive Director.</p> <p>His profile can be viewed on page 30 of the Annual Report 2020.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC carries out an annual assessment of the effectiveness of the Board and the performance of the Board Committees against a set of criteria that encompasses a diverse set of skills and experience in the fields of accounting, business and management, marketing, risk management, information technology and finance. The assessment also includes aspects of the Board’s and Board Committees’ structure, operational conduct and its roles and responsibilities.</p> <p>The assessment is conducted by way of questionnaires to review the performance and effectiveness of the Board and Board Committees as well as to promote awareness of the obligations required by members of the Board and Board Committees. The summary of the assessment is shared with the Board thereafter.</p> <p>Overall, the Board considered the outcome of the last assessment satisfactory and have identified several areas for review and improvement under the Group’s Transformation Initiatives.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	: Applied
Explanation on application of the practice	<p>The NRC reviews and recommends to the Board on the framework of remuneration policy and package for the Directors and the key senior management personnel.</p> <p>The NRC and the Board has adopted a Board Remuneration Policy which provides clear and guiding principles in determining the remuneration for the Board in order to attract, retain and motivate talented and qualified Board members and to align their interests with the interest of the shareholders and the long-term business strategies of MBMR and its subsidiaries. The Board Remuneration Policy is reviewed on an annual basis and is made available on the Company's website at www.mbmr.com.my</p> <p>The Board's remuneration is governed through a clearly defined process wherein the NRC makes recommendations to the Board on an annual basis for deliberation. Thereafter, the Board shall upon deliberation make recommendations on the Directors' remuneration as it deems appropriate, to the shareholders for approval at the Annual General Meeting ("AGM").</p> <p>The remuneration packages for the Directors and key senior management personnel of the Company comprise some or all of the following elements:-</p> <p>Directors' Fees, Benefits and Basic Salaries: The Board recommends fees and any benefits payable to all Directors for the approval of shareholders at the AGM. The non-executive members of the Board receive a fixed base fee as consideration for their Board duties, as well as meeting and travel allowances. In addition, the Board members receive a fixed fee for their work on Committees established by the Board. The remuneration of the Board of Directors is determined on the basis of standards in the market</p>

	<p>and reflects demands to the expected competencies and efforts in light of the scope of their work and the number of Board and Board committee meetings. In the event proposed amount is insufficient due to enlarged Board size or increased responsibility, approval will be sought at the next AGM for the shortfall.</p> <p>The NRC evaluates and recommends to the Board for approval on the total remuneration package of key senior management annually, against achievements of agreed budgets and other key performance indicators as well as the level of responsibility.</p> <p>Annual Incentive Plan: The Group operates a bonus scheme for all employees and the criteria for this scheme is dependent on the financial performance of the Group and achievements of the said budgets and other key performance indicators.</p> <p>Retirement Plan: Contributions are made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan.</p> <p>Other Emoluments: Other benefits include car and driver allowances as well as medical insurance coverage.</p> <p>To facilitate the NRC in proposing a fair and competitive remuneration for its Directors and key senior management personnel, a market and/or industry benchmark study against similar organisations in the industry, size and geographies which MBMR operates in will be conducted every three (3) years.</p>	
<p>Explanation for departure</p>	<p>:</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</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 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC comprises exclusively of Non-Executive Directors, with a majority of them being Independent Directors. The current members are:-</p> <ul style="list-style-type: none">• Datuk (Dr) Aminar Rashid bin Salleh (Independent Non-Executive Director) – Chairman (Appointed on 25 Jun 2019)• Dato' Anwar bin Haji @ Aji (Senior Independent Non-Executive Director) – Member (Appointed on 24 May 2018)• Ms. Wong Fay Lee (Non-Independent Non-Executive Director) – Member (Appointed on 25 Jun 2019) <p>The President & CEO may be invited to participate in certain meetings of the NRC to provide insights, particularly on considerations relating to the performance of the Group.</p> <p>The NRC is guided by its Term of Reference which is available on the Company's website at www.mbmr.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The detailed remuneration of individual directors on named basis is disclosed in page 39 of the Annual Report 2020 under "Corporate Governance Overview Statement".	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the opinion that the disclosure of the detailed remuneration component of the Company's top senior management personnel would not be in the best interest of the Group due to confidentiality.</p> <p>A summary of the Company's top senior management's remuneration component is disclosed under the 'Corporate Governance Overview Statement' at page 39 of the Annual Report 2020.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company’s Audit and Risk Management Committee (“ARMC”) comprises solely non-executive directors of whom two are Independent Directors and one is a Non-Independent Director.</p> <p>The Chairman of the ARMC is Dato’ Anwar bin Haji @ Aji, who is the Senior Independent Director whilst the Chairman of the Board is Datuk (Dr) Aminar Rashid bin Salleh.</p> <p>There are structured communication channels between the Board and ARMC whereby the Chairman of the ARMC reports the activities of the ARMC and escalates key issues to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>For the Financial Year 2020, the Company does not have any key audit partner that has been appointed to the Audit and Risk Management Committee (“ARMC”).</p> <p>The policy on “any former key audit partner of the Company must observe a cooling off period of at least two years before being appointed as a member of ARMC” is set out in the Terms of Reference of the ARMC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Risk Management Committee ("ARMC") has a policy of assessing the suitability, objectivity and independence of its external auditor every year via an assessment form.</p> <p>During the year, one private session was held between the ARMC and the external auditor without the presence of Management Team.</p> <p>The ARMC has also obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Further details on the ARMC's policies and procedures in relation to engagement with the external auditor is detailed in the ARMC's Terms of Reference, which is available on the Company's website at www.mbmr.com.my. The assessment of the Company's external auditors was done by the ARMC on 19 May 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board's ARMC consists of members with a mixture of requisite financial literacy, business experience and specialised knowledge that prepares them to carry out their duties and responsibilities to the standard required.</p> <p>The current ARMC's chairman, Dato' Anwar bin Haji @ Aji sits on various Boards including Zelan Berhad as the Chairman. He was also Chairman of Faber Group Berhad from 2001 to 2008, and sat in various management positions including Managing Director of Khazanah National Berhad from 1994 to 2004.</p> <p>En. Muhammad Lukman bin Musa @ Hussain is a fellow member of the Institute of Chartered Accountants in England & Wales (ICAEW). He is also a member of Malaysian Institute of Accountants. The qualification and experience of each ARMC member is disclosed in the Board of Directors' Profile on pages 30 to 31 of the Annual Report 2020.</p> <p>All Board members, including ARMC members, participate in training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the training is available on pages 45 to 46 of the Annual Report 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established a system for Enterprise Risk Management (“ERM”) framework in 2014. To date the ERM is integrated into the Group’s Manufacturing operation applying the TS 16949 principles.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has established a framework for the implementation of the risk management and internal control system for the Group with approved policies and parameters.</p> <p>The Audit and Risk Management Committee (“ARMC”) oversees the implementation and effectiveness of the risk management framework. Risk Management is an agenda at the quarterly ARMC meetings. Focus is on extreme and high risk categories to ensure effective risk treatments are implemented within the specified timeline.</p> <p>Further information is presented in the Statement on Risk Management and Internal Control at pages 47 to 53 of the Annual Report 2020.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit and Risk Management Committee (“ARMC”) continuously evaluates the adequacy of the scope, functions, competency, resources and effectiveness of the Group’s Internal Audit Function. The Internal Audit Function carries out the reviews based on the plan approved by the ARMC.</p> <p>Accordingly, the Internal Audit Function is able to provide an objective assurance to the ARMC on the state of internal control of the Group’s operations. Furthermore, the Internal Audit Function serves as an important source of advice for the ARMC concerning areas of weaknesses or deficiencies in internal processes to facilitate appropriate remedial measures by the Company.</p> <p>The Risk Management and Compliance Unit follows up on all the key recommendations of the internal audit reviews.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit Function is independent of the Management and has full access to all of the Group’s entities, records and personnel.</p> <p>For the Financial Year 2020, the Group’s Internal Audit Function was managed by an in-house Internal Audit Department (“IAD”) led by a qualified and experienced Manager with six (6) assistants to carry out its appraisal function independently from the Management, with the Head of Internal Audit who directly reported to the ARMC.</p> <p>The Internal Audit Manager was Mr. Appu Kutten who is a member of the Institute of Internal Auditors Malaysia (IIAM). During his tenure, he maintained a strong network with other Internal Audit practitioners for sharing of knowledge, auditing techniques and up-to-date auditing standards. The Manager has acquired more than 20 years of experience and exposure in auditing, covering extensive knowledge and skills from various industries.</p> <p>The IAD performed its work in accordance with the International Professional Practices Framework for Internal Auditing from the Institute of Internal Auditors.</p> <p>Due to the turnover in the IAD’s resources towards the end of 2020, the Group deliberated and assessed the best options to ensure continue efficiency in the operation of the Group’s Internal Audit Function moving forward and made a decision to outsource the Internal Audit function to Tricor Axcelasia Sdn Bhd (“TASB”) for the financial year ending 2021. TASB will report directly to the ARMC.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>As part of the Board's responsibility in developing and implementing an investor relations programme, formal and informal dialogues are held between senior management and analyst/fund managers throughout the year. During analyst/fund managers briefing, permissible disclosures are made to explain the Group's performance and major development programmes.</p> <p>The Annual General Meeting serves as the principal platform for shareholders and stakeholders to have a dialogue with the Board and Management on all affairs of the Company.</p> <p>Aside from the analyst/fund managers' briefings and the Annual General Meeting, the Board also encourages stakeholders to provide feedback and raise queries to the Company through other channels of communication including the use of the corporate website, by email or sending written communications to MBMR's Company Secretaries or to the Company directly.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	By definition, the Company is not considered a Large Company due to its market capitalisation falls below the prescribed threshold.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The last AGM of the Company was held on 23 June 2020 and the Notice of the AGM along with accompanying Annual Report was issued on 22 May 2020. This complied with the recommendation of MCCG to give at least twenty-eight (28) days' notice of general meeting to the shareholders to ensure that shareholders are given sufficient time to consider the resolutions that will be discussed and decided at the 26th Annual General Meeting. Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors of the Company attended the most recent Annual General Meeting as noted in the minutes of the meeting and is available for viewing at the Company's website.</p> <p>Besides the usual agenda for the Annual General Meeting, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors and therefore the Chairs of each Board Committees are available to provide meaningful responses to questions from the shareholders during the meeting.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

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

Application	:	Applied
Explanation on application of the practice	:	<p>In the past the Company's Annual General Meetings have always been held in the Klang Valley which is easily accessible by most shareholders of the Company.</p> <p>Nevertheless, due to the COVID-19 pandemic and as part of our safety measures, the Company's 26th AGM was held on 23 June 2020 entirely through live streaming from the broadcast venue at 23-01, Level 23, Menara MBBM, 1 Jalan Syed Putra, 58000 Kuala Lumpur and shareholders participated (including posing questions to the Board via real time submission of typed texts) and voted remotely using the remote participation and voting ("RPV") facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020.</p> <p>Shareholders who are unable to participate in the AGM are allowed to appoint proxy(ies) to participate, speak and vote on his/her behalf via the RPV facilities.</p> <p>The Company's Constitution allows the Company to leverage on technology to enhance the communication with shareholders such as issuing and transmitting documents to the shareholders using technology means. The Company has been using electronic voting (e-voting) for the conduct of poll on all resolution proposed for efficiency and accurate outcome of the AGM results.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

**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.

Click or tap here to enter text.