

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5983  
**COMPANY NAME** : MBM Resources Berhad  
**FINANCIAL YEAR** : December 31, 2021

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 <a href="http://www.mbmr.com.my">www.mbmr.com.my</a>.</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"><li>• Together with Senior Management foster a healthy corporate governance culture which is founded on the principles of transparency, objectivity and integrity;</li><li>• Ensure that Senior Management has the necessary skills and experience, and there are proper succession planning measures in place;</li><li>• Ensure that the Company has in place effective communication channels with stakeholders; and</li></ul> <p>Ensure that there is a sound framework on corporate reporting, including financial and non-financial reporting.</p>

	<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 <a href="http://www.mbmr.com.my">www.mbmr.com.my</a>.</p> <p>The Board has also adopted a formal Code of Business Conduct &amp; Ethics that applies to activities of all Directors and employees of the Group. The Code of Business Conduct &amp; Ethics encapsulates the Company’s values and standards and is communicated to all stakeholders through the Company’s website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</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

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 Company's Chairman is Datuk (Dr.) Aminar Rashid bin Salleh who is an Independent Director. 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.</p> <p>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 <a href="http://www.mbmr.com.my">www.mbmr.com.my</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

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>	:	<p>The Chairman of the Board is Datuk (Dr.) Aminar Rashid bin Salleh whilst the Chief Executive Officer ("CEO") is Encik Muhammad Fateh Teh Bin Abdullah ("En. Fateh") who was appointed on 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.</p> <p>Whilst the 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 Section 4.6 of the Board Charter, which is available on MBMR's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</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

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> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	<p>The Chairman of the Board is currently a member of the Audit Committee ("AC") and the Chairman of the Nominating and Remuneration Committee ("NRC").</p> <p>The Chairman of the Board is an Independent Director. The Board is of the view that the Chairman's position as an Independent Director safeguards his ability to impart objective views and decisions at the AC and NRC and outweighs any risk arising out of self-review by any Director given the fact that the Board consists entirely of non-executive directors, and the directors who are not members of the AC and NRC would be present to weigh in during deliberations at the board meetings and provide objectivity where needed. The Board strictly enforces its policies and procedures applicable to self-dealing, disclosures of interest and related/interested party transactions</p> <p>Furthermore, Paragraph 15.08A (1) and Paragraph 15.09 (1)(b) of the Main Market Listing Requirements of Bursa Securities takes precedence from the Company's compliance perspective wherein the AC and Nominating Committee must comprise a majority of independent directors.</p> <p>Notwithstanding the above, the NRC and the Board shall continuously assess the effectiveness of the AC and NRC in line with its composition and shall make recommendations for change as and when deemed necessary.</p>
<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>	:		
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### 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 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"> <li>• Attend and record minutes of all Board and Board Committee meetings and facilitate Board communications;</li> <li>• Advise the Board on its roles and responsibilities as well as corporate disclosures;</li> <li>• Monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;</li> <li>• Ensure adherence to the Board policies and procedures;</li> <li>• Advise the Board on its obligatory requirements to disclose material information to shareholders in a timely manner; and</li> <li>• Manage processes pertaining to General Meetings.</li> </ul> <p>The Company Secretaries further ensure proper and timely dissemination of Board level decisions to the Management.</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>	:	<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>	
<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 has adopted a formal Board Charter which is made available on the Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</a>.</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, the Senior Independent Director, individual directors, 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 15 December 2021.</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 Board has adopted a formal Code of Business Conduct &amp; 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"><li>• Safe and healthy workplace environment which exhibits professionalism and respect towards fundamental human rights, and is free from harassment, violence and unlawful / criminal activities;</li><li>• Managing and reporting of conflicts of interest;</li><li>• Strict prohibition against all forms of bribery and corruption;</li><li>• Protecting the Group and shareholders in terms of the Group's assets, financial information, proprietary and confidential information and reputation;</li><li>• Expected standards of business conduct and ethics in dealing with counterparties, government authorities and political parties;</li><li>• Adherence to applicable laws and regulations pertaining to environmental, health and safety, insider trading, anti-money laundering, anti-terrorism financing.</li></ul> <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 Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACCA. The ABC Policy has been published on the</p>

	<p>Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</a> 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 <a href="http://www.mbmr.com.my">www.mbmr.com.my</a>.</p>	
<b>Explanation for departure</b> :		
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<b>Measure</b> :		
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### 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 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 whistleblowing policy is reviewed periodically by the Board to ensure adequacy and updated from time to time to reflect or incorporate any new regulatory requirements / developments. The Board last reviewed and approved the updated whistleblowing policy on 19 August 2020. The policy is available on the Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</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 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 has the overall responsibility to oversee the sustainability matters for the Group. The Board is also responsible to provide oversight on the Group's sustainability governance including setting the Group's sustainability strategies, priorities and targets. While the Board remains responsible in its oversight function as a whole, the Board has established the Risk Management and Sustainability Committee ("RMSC") on 15 December 2021 to assist the Board in fulfilling its responsibilities as described above including embedding sustainability best practices to the Group.</p> <p>In addition, the Management has reassessed the Group's material sustainability matters in 2021 to ensure that the priority issues related to the group business and operations are continuously identified, assessed and addressed.</p> <p>Details of the Group's material sustainability matters are presented in the sustainability report which are made available on the Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</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 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>The Group's sustainability strategies, priorities and performance are continuously being communicated to its stakeholders.</p> <p>Given the dynamic social, economic and political landscape in which the Group's operate, active stakeholder engagement has always been a key part of the Group's business approach.</p> <p>Below is the table of the Group's stakeholders and the engagements that were conducted for the year under review:</p> <table border="1"> <thead> <tr> <th>Stakeholders</th> <th>Engagement</th> <th>Frequencies</th> </tr> </thead> <tbody> <tr> <td>Customer</td> <td>Communicating with customers to offer products and services. This includes reminding customers of their vehicle service date and following up after service and purchase.</td> <td>Daily</td> </tr> <tr> <td>Shareholders / Investors</td> <td>Meeting through AGM.</td> <td>Yearly</td> </tr> <tr> <td>Employees</td> <td>Daily business operations and social interaction. Including meetings, town halls, and social activities.</td> <td>Daily</td> </tr> <tr> <td>Directors</td> <td>Meetings and discussions on issues that need direction from the Directors. To give approvals on recommendations and requests from the management.</td> <td>Quarterly</td> </tr> <tr> <td>Management</td> <td>Interaction with employees and other stakeholders in meetings, discussions or events.</td> <td>Daily</td> </tr> <tr> <td>Vendors/Suppliers</td> <td>Direct business dealings to discuss product quality, supplies of goods, price negotiations and updating them on new requirements or policy.</td> <td>Daily</td> </tr> <tr> <td>Principals</td> <td>Discussion on products issues and matters such as product quality, sales and after-</td> <td>Weekly</td> </tr> </tbody> </table>			Stakeholders	Engagement	Frequencies	Customer	Communicating with customers to offer products and services. This includes reminding customers of their vehicle service date and following up after service and purchase.	Daily	Shareholders / Investors	Meeting through AGM.	Yearly	Employees	Daily business operations and social interaction. Including meetings, town halls, and social activities.	Daily	Directors	Meetings and discussions on issues that need direction from the Directors. To give approvals on recommendations and requests from the management.	Quarterly	Management	Interaction with employees and other stakeholders in meetings, discussions or events.	Daily	Vendors/Suppliers	Direct business dealings to discuss product quality, supplies of goods, price negotiations and updating them on new requirements or policy.	Daily	Principals	Discussion on products issues and matters such as product quality, sales and after-	Weekly
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		sales targets, customer satisfaction, new model launches, etc.	
	Business partners and associates	Meetings every quarter, board meetings, business plan discussion	Quarterly
	Non-Governmental Organisation (NGO)	Engage with NGOs through CSR programs.	Yearly
	External Auditors	The yearly audit process involves the management, and employees, especially in operations and finance.	Yearly
	Authorities	Vehicle inspections, renewal of business licenses, etc.	Weekly
	Employees Union	Discussion with Union and Union leaders on compensation and benefits for the employees.	Yearly
	Community	Interaction during physical events, online promotions, and feedback via Facebook messenger and emails.	Daily
	Media/analyst	News coverage of the Group's marketing activities, product launches and other press releases. We also conducted analyst briefings for quarter two and quarter four in 2021.	Twice a year
	<p>Details of these sustainability engagements are highlighted in the sustainability report which are made available on the Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</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 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>	:	The Board has attended trainings / seminars / conferences throughout the financial year 2021 to ensure that they continuously stay abreast on the latest developments relevant to the Group and its business including topics in relation to sustainability issues.  Details of the training is available on pages 49 to 51 of the Annual Report 2021.	
<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>	:	The Board via the NRC carries out an annual assessment of the effectiveness and performance of the Board and the Board Committees including its effectiveness on addressing sustainability and risk management matters. Following the assessment, the Board has resolved on 15 December 2021 to establish a Risk Management and Sustainability Committee to further enhance and improve its oversight function in these areas.  Further, key performance indicators and targets of the company have been incorporated with sustainability elements to ensure that senior management actively engage and address the sustainability risks and opportunities relevant to the Company in its formulation of business strategy as well as the day-to-day operations.	
<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.

*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.*

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

### 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>The NRC's Terms of Reference provides that the recommendation for re-election of Directors to the Board and shareholders by the NRC shall be subject to the satisfactory performance evaluation outcome of the individual Director, with due consideration to the tenure of the Director and the extent to which the Director's expertise, skills, knowledge, and experience interplay with those of other Board members, as well as their roles as committee members.</p> <p>Pursuant to Clause 76(3) of the Company's Constitution, one-third of the Directors for the time being shall retire annually and all Directors shall retire once at least in each three years but shall be eligible for re-election. The schedule for retirement by rotation is based on the Directors who have been longest in office since the Director's last election. At the 27<sup>th</sup> Annual General Meeting ("AGM"), Datuk (Dr) Aminar Rashid Bin Salleh and Ms. Wong Fay Lee was proposed and recommended by the NRC and the Board for re-election by shareholders.</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

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>	:	<p>As of 31 December 2021, the Board comprised six (6) non-executive members, four (4) of whom were Non-Independent Directors and two (2) were Independent Directors. The Chairman of the Board is an independent director. 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 one-third 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 (Section 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>		
<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 5.3

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter clearly stipulates that the tenure of the Company's Independent Directors shall not exceed a cumulative term limit of nine years. Upon completion of the nine years, the Independent Director may continue to serve on the Board as Non-Independent Director.</p> <p>If the Board intends to retain an Independent Director beyond nine years, it should justify and seek annual shareholders' approval through a two-tier voting process.</p> <p>As of 31 December 2021, neither of the two Independent Directors on the Board have served a cumulative term of nine years.</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**

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.

*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.*

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

### 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>	:	<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, ethnicity as well as the candidate’s time commitment. Further, any prospective candidates for directorship who are active politicians shall not be considered to prevent doubts from being cast on the integrity and governance 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**

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>	:	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 suggestions not only from Board members, major shareholders, and senior management, but also outsourced independent service providers / search firms.	
<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>	:	<p>The Terms of Reference of the NRC provides that the NRC in identifying suitable candidates for recommendation of appointment to the Board, may request the disclosure of any interest, position or relationship that may result in a conflict of interest or might influence, or reasonably be perceived to influence in a material respect the capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company as a whole.</p> <p>Any such information shall be disclosed to the shareholders where applicable in the notes accompanying the notice of general meeting in relation to the appointment or reappointment of any director together with the Board's statement of support for appointment.</p> <p>The Terms of Reference of the NRC is made on the Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</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**

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 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.  His profile can be viewed on page 32 of the Annual Report 2021.	
<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>	:	<p>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 <a href="http://www.mbmr.com.my">www.mbmr.com.my</a>.</p> <p>As of 31 December 2021, there was one female Director on the Board of MBMR and two female members 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 whilst at the same time upholding its code of conduct on non-discrimination and providing equal opportunities to all based on qualification, merit and performance.</p>	
<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 5.10

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>	:	<p>The Board in its Annual Report 2020 disclosed its policy on gender diversity wherein it 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.</p> <p>The Board Charter is available for viewing at the Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</a>. The Board had further formalised a diversity policy in 2022 and it was published on the Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</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

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>	: 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.  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.  Overall, the Board considered the outcome of the last assessment satisfactory in terms of its effectiveness and composition. Nevertheless, the Board acknowledged that several areas may require further review and improvement and has therefore resolved to engage an independent service provider to carry out the annual effectiveness evaluation for financial year 2021 with the aim of having an objective assessment of the Board, the Board Committees and each individual 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

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 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 <a href="http://www.mbmr.com.my">www.mbmr.com.my</a></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><b>Directors' Fees, Benefits and Basic Salaries:</b> 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</p>

	<p>basis of standards in the market 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><b>Annual Incentive Plan:</b> 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><b>Retirement Plan:</b> Contributions are made to the Employees Provident Fund (“EPF”), the national mandatory defined contribution plan.</p> <p><b>Other Emoluments:</b> 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><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 7.2

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>	:	<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"> <li>• Datuk (Dr) Aminar Rashid bin Salleh (Independent Non-Executive Director) – Chairman (Appointed on 25 Jun 2019)</li> <li>• Dato' Anwar bin Haji @ Aji (Senior Independent Non-Executive Director) – Member (Appointed on 24 May 2018)</li> <li>• Ms. Wong Fay Lee (Non-Independent Non-Executive Director) – Member (Appointed on 25 Jun 2019)</li> </ul> <p>The 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 <a href="http://www.mbmr.com.my">www.mbmr.com.my</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**

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>	:	Details on the remuneration of the individual directors are disclosed as follows:

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	Datuk (Dr) Aminar Rashid bin Salleh	Independent Director	130	55	-	-	5	4	194	130	55	-	-	5	4	194
2	Ng Seng Kong	Non-Executive Non-Independent Director	70	37	-	-	-	-	107	70	146	-	-	-	-	216
3	Low Hin Choong	Non-Executive Non-Independent Director	70	93	-	-	-	1	164	70	100	-	-	-	1	251
4	Dato' Anwar bin Haji @ Aji	Independent Director	98	52	-	-	-	-	150	98	52	-	-	-	-	150
5	Muhammad Lukman bin Musa @ Hussain	Independent Director	85	61	-	-	-	1	147	85	51	-	-	-	1	147
6	Wong Fay Lee	Non-Executive Non-Independent Director	78	87	-	-	-	1	166	78	130	-	-	-	1	209
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	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

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	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.	
		A summary of the Company's top senior management's aggregate remuneration is disclosed in bands of RM50,000 in the 'Corporate Governance Overview Statement' on page 44 of the Annual Report 2021.	
<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	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**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>	:	<p>The Company's Audit Committee ("AC") (formerly the Audit and Risk Management Committee prior to 15 December 2021) comprises solely non-executive directors of whom two are Independent Directors and one is a Non-Independent Director.</p> <p>The Chairman of the AC 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 AC whereby the Chairman of the AC reports the activities of the AC and escalates key issues to the Board.</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 9.2

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>	:	For the Financial Year Ended 2021, the Company does not have any former partner of the external audit firm of the Company that has been appointed to the Audit Committee ("AC").  The policy on "any former partner of the external audit firm of the Company must observe a cooling off period of at least three years before being appointed as a member of AC" is set out in the Terms of Reference of the AC which is available on the Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</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 Committee ("AC") has a policy of assessing the suitability, objectivity and independence of its external auditor every year via an assessment form.</p> <p>The assessment of the Company's external auditors was done by the then Audit and Risk Management Committee ("ARMC") on 1 April 2021. During the year, one private session was held between the then ARMC and the external auditors without the presence of the Management.</p> <p>The then 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 AC's policies and procedures in relation to engagement with the external auditor is detailed in the AC's Terms of Reference, which is available on the Company's website at <a href="http://www.mbmr.com.my">www.mbmr.com.my</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**

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>	:	<p>The AC 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 AC 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 &amp; Wales (ICAEW). He is also a member of Malaysian Institute of Accountants.</p> <p>The qualification and experience of each AC member is disclosed in the Board of Directors' Profile on pages 32 to 34 of the Annual Report 2021.</p> <p>All Board members, including AC 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 49 to 51 of the Annual Report 2021.</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 10.1

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 Enterprise Risk Management Framework (“ERM”) has been established by the Board. The ERM Framework provides a standard and consistent approach in implementing ERM across the Group. The ERM Framework incorporates the process relating to the identification, analysis, evaluation, treatment, monitoring, reviewing and reporting of the Group’s risks and controls.</p> <p>The Board is responsible in overseeing the establishment and implementation of the Group’s risk management and internal control system which include reviewing the Group’s risk management and internal control system and overseeing the development and implementation of the Group’s risk management and internal control processes.</p> <p>Further information on the risk management and internal control systems is presented in the Statement on Risk Management and Internal Control on pages 52 to 57 of the Annual Report 2021.</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 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>Prior to the formation of Risk Management and Sustainability Committee ("RMSC"), the then Audit and Risk Management Committee ("ARMC")(now redesignated as AC), reports to the Board every quarter on the Group's significant risks and the mitigation actions. The Board, through the then ARMC, also reviews the risk management and internal control framework implemented in the Group.</p> <p>As of 15 December 2021, the above function shall henceforth be undertaken by the RMSC established by the Board.</p> <p>The Board has disclosed the features of its risk management and internal control framework and the adequacy and effectiveness of this framework in the Statement on Risk Management and Internal Control in pages 52 to 57 of the Annual Report 2021.</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 10.3 - 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> :	Not Adopted
<b>Explanation on adoption of the practice</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 11.1**

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 Audit Committee (“AC”) 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 AC.</p> <p>Accordingly, the Internal Audit Function is able to provide an objective assurance to the AC 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 AC concerning areas of weaknesses or deficiencies in internal processes to facilitate appropriate remedial measures by the Company.</p> <p>The Internal Auditor also carries out follow-up audits to ensure all audit findings and remedial actions recommended in the internal audit reports have been properly addressed.</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 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>Since the beginning of the financial year 2021, the Group’s Internal Audit Function has been outsourced to a professional service firm, Tricor Axcelasia Sdn Bhd (“TASB”), who reports directly to the AC.</p> <p>The TASB’s Engagement Partner in charge of the Group’s internal audit has over 20 years of professional experiences in internal auditing, risk management, business process improvements, etc. She is a Certified Internal Auditor. The Engagement team is led by an Associate Director with a team of professional staff that is assigned on a need basis.</p> <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>The Internal Auditor carried out its function guided by the International Professional Practices Framework for Internal Auditing from 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>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. The Company makes every effort to encourage maximum participation of shareholders at the AGM by leveraging technology to facilitate remote participation and voting.</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>
<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>	:	Not applicable – Not a Large Company	
<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**

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>	:	<p>The last Annual General Meeting (“AGM”) of the Company was held on 1 June 2021 and the Notice of the AGM along with accompanying Annual Report was issued on 30 April 2021. This complies 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 27<sup>th</sup> AGM.</p> <p>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.</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 13.2**

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>All Directors of the Company attended the most recent Annual General Meeting (“AGM”) 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 AGM, 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>	
<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>The Company's 27<sup>th</sup> Annual General Meeting ("AGM") was held on 1 June 2021 fully virtual through the online meeting platform provided by Tricor Investor &amp; Issuing House Services Sdn Bhd ("TIIH"), the Company's Share Registrar via the TIIH online website at <a href="https://tiih.online">https://tiih.online</a> and shareholders participated and voted remotely using the remote participation and voting ("RPV") facilities provided by TIIH. This is in line with the Revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which was effective 1 June 2021.</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>
<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>	: The Company's 27 <sup>th</sup> Annual General Meeting ("AGM") was conducted virtually through live streaming from the designated broadcast venue and the Annual Report 2021 together with the Notice of 27 <sup>th</sup> AGM and the Administrative Guide for the conduct of the meeting was issued on 30 April 2021.  The Administrative Guide informed the shareholders that they were allowed to submit their questions electronically through the online platform provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") via its TIIH Online website at <a href="http://tiih.online">http://tiih.online</a> prior to AGM from 30 April 2021 onwards until 30 May 2021, and also explained the use of a query box will be available to transmit questions to the Board of Directors via the remote participation and voting ("RPV") facilities during live streaming of the AGM.  During the AGM, the Chairman facilitated interactive engagement between the Board, Management and the shareholders and allowed sufficiently reasonable opportunity for the shareholders to pose questions and receive appropriate responses. The Chairman had informed the shareholders that they could submit their questions and comments to the Board during the AGM via the RPV facilities. Answers to all the questions made visible to the shareholders and addressed by the Directors and senior management where appropriate.
<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 13.5**

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’s 27<sup>th</sup> Annual General Meeting (“AGM”) was conducted fully virtual through live streaming from the designated broadcast venue.</p> <p>The remote participation and voting (“RPV”) facilities provided by the Company’s share registrar via its TIH Online website at <a href="https://tiah.online">https://tiah.online</a> allowed shareholders to pose questions to the Board via real time submission of typed texts through the query box. These questions were broadcasted live via the platform’s facilities, allowing the shareholders to experience real time interaction with the Board during the AGM.</p> <p>All questions were thereafter uploaded on the Company’s website together with the Company’s responses thereto for shareholders’ ease of reference.</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> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	<p>The Company was not able to upload the minutes of the 27<sup>th</sup> AGM onto its website within the 30 business days due to some unforeseen circumstances. Nevertheless, the minutes were uploaded as soon as possible thereafter, and the Company shall endeavour to upload the minutes of its upcoming AGM to its website within the timeframe recommended.</p> <p>Additionally, the Company had also expediently made available on its website, the questions posed by shareholders during the 27<sup>th</sup> AGM and the Company's responses to those questions.</p>
<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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