

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7595  
**COMPANY NAME** : MGB BERHAD  
**FINANCIAL YEAR** : December 31, 2023

## 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>The Board retains full and effective control of the Company and is responsible for the proper conduct of the business and overall performance of the Company. The Board is responsible for the leadership, oversight, control, development and long-term success of the Group as well as instilling the appropriate culture, values and behaviour throughout the Group.</p> <p>In discharging its fiduciary duties and responsibilities, the Board is guided by the prevailing legal and regulatory requirements as well as the policies of the Company. The Board has adopted a charter ("Board Charter") which sets out its functions, inter-alia, the duties and responsibilities of the Board, which is published on the Company's website.</p> <p>The Board has delegated specific responsibilities to various Board Committees, namely Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC"), Risk Management Committee ("RMC") and Sustainability Committee ("SC") whose functions are within their respective Terms of Reference ("TOR") approved by the Board. Each Committee's TOR are periodically reviewed by the Board. These Committees assist the Board in making informed decisions through in-depth discussions on issues in discharge of the respective committees' TOR and responsibilities.</p> <p>The respective TOR are available on the Company's website.</p> <p>The Board has in place policies and procedures to promote a culture of integrity and ethics within the Group as a whole while providing clarity on the parameters and controls instituted.</p> <p>Aside from Board Charter and TOR of respective board committees, the policies and procedure that the Board has in place include the following:</p> <ul style="list-style-type: none"><li>• Code of Conduct and Business Ethics;</li><li>• Directors' Code of Conduct;</li></ul>

	<ul style="list-style-type: none"> <li>• Whistleblowing Policy;</li> <li>• Anti-Bribery and Corruption Policy;</li> <li>• Succession Planning Policy;</li> <li>• Remuneration Policy;</li> <li>• External Auditors Policy;</li> <li>• Human Resources Learning Development Policy;</li> <li>• Dividend Policy;</li> <li>• Sustainability Policy;</li> <li>• Gift, Entertainment and Hospitality Policy;</li> <li>• Donations and Sponsorships Policy;</li> <li>• Human Right Policy;</li> <li>• Workplace Harassment Policy;</li> <li>• Diversity and Inclusion Policy;</li> <li>• Crisis Management Policy; and</li> <li>• Group Sustainable Procurement Policy.</li> </ul> <p>Further details are set out in the Corporate Governance Overview Statement in the Annual Report.</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 Chairman of the Company, Dato' Abdul Majit bin Ahmad Khan, is elected by the Board, to provide leadership at Board level and represents the Board to shareholders and other stakeholders. Following Dato' Majit bin Ahmad Khan's resignation on 15 January 2024, Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP, the Group Executive Chairman, assumes all responsibilities and provide guidance throughout the decision-making process, fostering cohesive teamwork and facilitating the effective functioning of the Board.</p> <p>The Chairman will act independently in the best interest of the Group and is responsible for ensuring Board effectiveness, standard of conduct and governance of the Board.</p> <p>The Chairman facilitates Board meetings, soliciting feedback and input from all Directors in an open and constructive manner. The Chairman may also solicit the views of other parties such as Senior Management should their presence be requested at the meeting(s).</p> <p>The key roles and responsibilities of the Chairman are set out in the Board Charter 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

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 positions of Chairman and Group Managing Director are occupied by distinct individuals to ensure a clear division of responsibilities. Dato' Abdul Majit bin Ahmad Khan serves as the Chairman of the Board, holding the position of Independent Non-Executive Director, while Datuk Wira Lim Hock Guan, JP, serves as the Group Managing Director.</p> <p>Following Dato' Majit bin Ahmad Khan's resignation on 15 January 2024, Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP, the Group Executive Chairman, assumes full responsibilities. He provides guidance throughout the decision-making process, fostering cohesive teamwork and facilitating the effective functioning of the Board.</p> <p>This segregation of roles maintains a balanced distribution of authority within the organization. The Chairman focuses on ensuring the Board's effectiveness and encourages robust discussions to achieve its objectives.</p> <p>Conversely, the Group Managing Director is responsible for the executive leadership and management of the Group's business. This encompasses developing long-term strategic plans, short-term profit plans, annual operating plans and budgets to meet the Group's growth, profitability and objectives. The Group Managing Director is supported by the Chief Executive Officer and senior management team in executing strategic plans and overseeing the Group's operations and business development.</p> <p>The specific roles and responsibilities of the Chairman and Group Managing Director are further delineated in the Board Charter of the Company, providing clarity and guidance for their respective functions within the organisation.</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>	:		
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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 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Chairman of The Board is not a member of Audit Committee ("AC") and Nomination & Remuneration Committee ("NRC").  Currently the AC members are:- i. Dato' Beh Hang Kong; ii. Puan Nadhirah binti Abdul Karim; iii. Puan Noor Fansyurina binti Muhammad; and iv. Puan Nor Salinun binti Mohd Ghazali.  Currently the NRC members are:- i. Puan Nadhirah binti Abdul Karim; ii. Dato' Beh Hang Kong; iii. Puan Noor Fansyurina binti Muhammad; and iv. Puan Nor Salinun binti Mohd Ghazali.
<b>Explanation for departure</b>	: Please provide an explanation for the departure.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Not applicable. The Company is not a large company.
<b>Timeframe</b>	: Choose an item.

### 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 is supported by two (2) Company Secretaries, Mr Chong Voon Wah and Ms Khoo Wei Lee. Both Company Secretaries are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 and members of the Malaysian Institute of Chartered Secretaries &amp; Administrators (MAICSA).</p> <p>The Company Secretaries play an important advisory role and as a central source of guidance, information and advises to the Board and Board Committees on issues relating to corporate compliance with the relevant laws, rules, regulations and procedures affecting the Board and the Group, as well as best practices of governance.</p> <p>The Board and Board Committees will have unlimited access to the services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The Company Secretaries attend all the Board and Board Committee meetings and ensure all discussions and deliberations during these meetings are accurately recorded and properly maintained. The Company Secretaries also act as the custodian of the Company's statutory records to ensure compliance with the statutory requirements such as Companies Act 2016 and Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").</p> <p>The Company Secretaries facilitate the communication of decisions made and policies set by the Board to the Management Team for action. This is to ensure that there are timely information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.</p> <p>The Company Secretaries constantly keep themselves abreast with the regulatory changes and developments through attendance at various trainings and seminars.</p> <p>The Company Secretaries also play an important role in ensuring that the proceedings in general meetings are in place and properly managed by assisting the Chairman and the Board in facilitating the conduct of the meetings.</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 1.6**

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>A pre-scheduled annual calendar of the Board Meetings is circulated to all the Board members at the beginning of each financial year to facilitate the Directors to plan their schedules.</p> <p>The Board meets at least five (5) times a year with additional meetings, if required. To ensure that the Board receives information on a timely manner, the notices of meetings are sent to the Directors at least seven (7) days before the meetings. The Board papers via e-book will be emailed before the meeting to provide the Board with sufficient time to review and obtain further clarification which will enable smooth and constructive deliberation at the meetings.</p> <p>The senior management personnel, internal auditors, external auditors and external consultants are invited to attend the meetings to present and brief the Board and Board Committee on matters within their expertise, knowledge and provide clarity on the agenda being discussed including details on recommendations to assist the Directors, to enable the Directors to make independent and informed decisions.</p> <p>All deliberations at the Board Meetings are duly minuted as records of proceedings, including matters where Directors abstained from deliberations and/or voting. Decision made, policies approved and follow-up actions at Board Meetings will be communicated to the management team accordingly. Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the next 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

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 Board Charter which sets how its roles, powers and responsibilities are exercised, having regard to principles of good governance, best practices and applicable laws.</p> <p>The Board Charter upholds high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation as to how the Board discharge its duties and responsibilities.</p> <p>The Board Charter will be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the Company from time to time and its compliance with the relevant laws, rules and regulations.</p> <p>In discharging its fiduciary duties, the Board has established and delegated specific tasks to the following Board Committees, which have the authority to examine and report to the Board:</p> <ol style="list-style-type: none"><li>1) <u>Audit Committee (“AC”)</u> The AC ensures high corporate governance practices whilst providing oversight on the Group’s financial reporting, disclosure, regulatory compliance, risk management and monitoring of internal control processes within the Group.</li><li>2) <u>Nomination and Remuneration Committee (“NRC”)</u> The NRC reviews the procedures for appointment of Directors and senior management (Grade GM1 and above) of the Group and their remuneration packages. NRC also assesses annually the effectiveness, size and composition of the Board, the required mix of skills and experience and other qualities of individual directors and Board Committees.</li><li>3) <u>Risk Management Committee (“RMC”)</u> The RMC ensures that the integrated risk management functions within the Group are effectively discharged. The RMC assists the</li></ol>

	<p>Board in, amongst others, identify, evaluate, monitor and report the risk areas and provide control measures, recommendations and management action plans to mitigate such risks through meetings and updates the AC and Board.</p> <p>4) <u>Sustainability Committee (“SC”)</u>  The SC is responsible to oversee the management processes and strategies designed to manage the impacts of MGB group operations on economic, environment and social.</p> <p>SC is tasked to review the strategies, management processes, initiatives, target and performance of the Group in the areas of health and safety, including the security of assets and employees; environment; workplace policies, including ethnic and gender diversity; sustainable development; responsible and ethical business practice; and contribute to a better society within the community that the Group operates.</p> <p>All Board Committees operate within their respective TORs which were approved by the Board. The TORs of AC, NRC, RMC and SC are available on the Company’s website.</p> <p>The Board takes full responsibility for the oversight and overall performance of the Group. The Board reserves full decision-making powers on the following matters:</p> <ul style="list-style-type: none"> <li>a) approval of corporate plans and programmes;</li> <li>b) approval of material investments and divestments, mergers and acquisitions, corporate restructuring both local and abroad;</li> <li>c) approval of changes relating to the Company’s share capital such as reduction of capital, issuance of new share capital and share buy-back;</li> <li>d) appointment of new Directors, Chief Executive Officer/Managing Director and other senior management positions are based on recommendation of the Group’s NRC;</li> <li>e) approval of annual audited financial statements, annual report and the quarterly financial results prior to releasing to Bursa Securities;</li> <li>f) approval of dividend policy and declaration/distribution of dividends; and</li> <li>g) approval of material related party transactions and capital financing.</li> </ul> <p>The Board Charter is accessible on the Company’s Corporate website at <a href="http://www.mgbgroup.com.my">www.mgbgroup.com.my</a>.</p>
<b>Explanation for departure</b> :	

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

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

### Intended Outcome

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 established a Code of Conduct &amp; Business Ethics for Directors and employees which sets out the standards of conduct and business ethics expected from all levels of the organisation, including Directors and employees with the objectives to enhance public confidence and trust in the integrity of the Group.</p> <p><b><u>Directors' Code of Conduct</u></b></p> <p>The Board has adopted Directors' Code of Conduct which sets out twelve (12) principles as follows and acts as guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on the principles of integrity, responsibility, sincerity and corporate social responsibility:</p> <ul style="list-style-type: none"><li>• to observe high standards of Corporate Governance</li><li>• to devote sufficient time and effort</li><li>• to avoid conflict of interest</li><li>• to avoid misuse of position and information</li><li>• to ensure integrity of records</li><li>• to ensure confidentiality of communication and transactions</li><li>• to ensure compliance with applicable laws</li><li>• to demonstrate openness and timeliness of communication</li><li>• to exercise duties and act honestly in the best interest of the Company</li><li>• to uphold accountability</li><li>• to maintain positive relationship with shareholders, employees, creditors and customers</li><li>• corporate social responsibility</li></ul> <p>The Directors' Code of Conduct is available on the Company's corporate website.</p>

### **Business Ethics**

In addition to Code of Conducts & Business Ethics, the Company has also put in place the following policies to govern business ethics for Directors and employees of the Group:

- **Insider Trading**

Directors and employees who possess price sensitive information which is not available to the public, are not allowed to trade in the Company's securities.

Notice in relation to the dealings of the Company's securities during close period are sent to Directors and principal officers on a quarterly basis specifying the timeframe of close period and the day of which they are prohibited from dealing in the Company's securities.

- **Declaration of Interests**

The Directors acknowledge that by declaring their interest in any transaction with the Company and the Group, they will abstain themselves from deliberation and voting on the relevant resolutions at the Board Meetings or general meeting. If a corporate proposal has to be approved by the shareholders, the Directors with any interest in the proposal will abstain from voting on the resolution and will further undertake to ensure that persons connected with them also will abstain from voting on the resolution.

- **Group IT Policies**

Under the Group IT Policies, staffs are strictly prohibited from installing, copying or downloading any illegal, unlicensed and unauthorised software onto their desktop and notebook, as these would constitute criminal offence under the Copyright Act, 1987. Stern disciplinary action will be taken against any staff who found committed this offence.

- **Standard Operating Procedures ("SOPs")**

Well documented SOPs within the Group were established and approved as standard processes, procedures and responsibilities for employee. It provides as their key reference in maintaining efficiency and the uniformity of the performance of a specific function.

- **Corporate Disclosure Policy and Procedures**

The Board recognises the importance of keeping the shareholders and stakeholders informed and updated on the development concerning the Group. In this regard, the Group strictly adheres to

	<p>the disclosure requirements of Bursa Malaysia Securities Berhad and practices open communication. In order to maintain its commitment of effective communication with shareholders and stakeholders, the Group embraces the practice of comprehensive, timely and continuing disclosures of information to make investment decision making.</p> <ul style="list-style-type: none"> <li>• <b>Employees' Code of Conduct</b></li> </ul> <p>Employees are expected at all times to maintain the highest standards of professionalism and integrity. This includes communications with colleagues, customers, clients, suppliers and the general public. These standards apply to communications that are verbal, written and electronic.</p> <ul style="list-style-type: none"> <li>• <b>Sexual Harassment Policy and Workplace Harassment Policy</b></li> </ul> <p>To ensure that all employees have a safe and conducive working environment and free from sexual harassment at the workplace, any sexual harassment of any nature at the workplace is prohibited. All investigation of sexual harassment will be fair and objective and appropriate action will be taken against the employee(s) concerned. The Company extended a further step by adopting a Workplace Harassment Policy to provide a safe, healthy and harassment-free work environment for all employees and believes that every employee should be treated with dignity, decency and respect, and reflected the Company's zero-tolerance approach against all forms of unlawful discrimination or harassment in the workplace.</p> <ul style="list-style-type: none"> <li>• <b>Privacy and Personal Data Protection Policy</b></li> </ul> <p>All personal data will be kept and processed in a secured manner. Procedures are in place to ensure that all employees, contractors, agents, consultants and other parties who have access to any personal information held by or on behalf are fully aware of and abide by their duties and responsibilities.</p> <ul style="list-style-type: none"> <li>• <b>Standard Operating Policies &amp; Procedures for Related Party Transaction ("SOP for RPT")</b></li> </ul> <p>The establishment of the procedure is to create awareness and provide informed procedures in handling Related Party Transactions so as to better safeguard the interest of minority shareholders, beside complying with the Listing Requirements of Bursa Securities.</p> <ul style="list-style-type: none"> <li>• <b>Whistleblowing Policy</b></li> </ul> <p>The Board has approved a whistleblowing policy with the aim of providing an avenue for all employees of the Group and members</p>
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of the public to disclose any improper conduct in accordance with the procedures as provided under the policy and to provide protection for employees and members of the public who report such allegations.

- Anti-Bribery and Corruption Policy (“ABC Policy”)

The Board has adopted the Anti Bribery and Corruption Policy developed pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The said policy provides guidance and information on the recognition of bribery and corruption and methods of dealing with the circumstances. The ABC Policy is available on the Company’s corporate website.

- Gift, Entertainment and Hospitality Policy

The Board has adopted the Gift, Entertainment and Hospitality Policy on 11 April 2022 to provide guidelines on the giving or receiving of gift, entertainment and hospitality to and from customers, business associates and/or third party. In a continuing effort to ensure ethical business practices, the Board revised the Gift, Entertainment and Hospitality Policy on 17 February 2023.

- Donations and Sponsorships Policy

The adoption of the Donations and Sponsorships Policy by the Board on 11 April 2022 demonstrates MGB Berhad's commitment to conducting ethical and lawful philanthropic activities. This policy ensures that all donations and sponsorships, whether from MGB Berhad, its subsidiaries, or affiliated business partners acting on its behalf, comply with applicable laws and are free from any attempt to influence business decisions. The subsequent revision of the policy on 17 February 2023 reflects the company's dedication to staying responsive and compliant with evolving regulatory standards and ethical considerations. By maintaining transparency and integrity in its philanthropic efforts, MGB Berhad upholds trust and credibility with stakeholders while adhering to its commitment to ethical conduct.

- Human Rights Policy

MGB endeavours to provide a conducive working environment that is characterised by mutual respect. The Group is committed in respecting and abiding internationally recognised human rights standards and fair labour practices according to local statutory laws within the Company’s operations (“Human Rights Laws”). The Management recognize the importance of fair labour practices and a good relationship of mutual respect between employer and employee as we believe this will lead to fostering high employee morale and improve employee engagement within the Group.

	<p>In the ongoing fiscal year, we have revisited and enhanced our Human Right Policy. This revision includes a robust framework for reporting policy violations, with a specific focus on accentuating the Grievance Mechanism incorporated into the updated policy. It is noteworthy that MGB Group has meticulously crafted this mechanism to effectively address workplace concerns that extend beyond the purview of the Whistleblowing Policy.</p> <ul style="list-style-type: none"> <li>• Fit and Proper Policy</li> </ul> <p>MGB Group has adopted the Fit and Proper Policy on 10 June 2022 to ensure a formal, rigorous and transparent process for appointment and re-election of directors and key senior management within MGB Group.</p> <ul style="list-style-type: none"> <li>• Diversity and Inclusion Policy</li> </ul> <p>MGB Group adopted Diversity and Inclusion Policy on 17 February 2023 to acknowledge the importance of diversity in its boardroom, senior management and workforce. MGB endeavors to achieve a diverse and skilled workforce with the highest standards of professionalism, accountability, integrity and competencies for the continuous improvement in the workplace.</p> <ul style="list-style-type: none"> <li>• Group Sustainable Procurement Policy</li> </ul> <p>The Group Sustainable Procurement Policy highlights the critical role of sustainable procurement in aligning with the company's overall strategy. It offers clear guidance to employees on integrating environmental, social, and economic considerations throughout the procurement process, from needs assessment to supplier development. Emphasizing adherence to the United Nations Sustainable Development Goals (UN SDGs), the policy aims to minimize environmental and social impacts while supporting local suppliers. Adopted on 20 November 2023, it signifies the organization's commitment to embedding sustainability principles into its procurement practices, fostering responsible corporate citizenship and contributing to sustainable development goals.</p> <p>The Board will review the Code of Conduct &amp; Business Ethics as and when necessary, to ensure it remains relevant and appropriate.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

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

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

### Intended Outcome

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 Company upholds the paramount importance of lawful and ethical conduct in all facets of its operations, setting stringent standards for employees to comply with relevant laws, regulations and internal policies while maintaining exemplary levels of business and personal integrity. To formalise this commitment, the Company has instituted a Whistleblowing Policy, providing both employees and external stakeholders with a secure platform to report any misconduct that may detrimentally affect the Group, including instances of bribery and corruption. This policy not only ensures the protection of whistleblowers from any form of reprisal but also fosters a culture of transparency and accountability within the organization, complementing existing frameworks such as the Code of Conduct &amp; Business Ethics and procedures outlined in the Employee Handbook.</p> <p>In line with its dedication to mitigating risks associated with bribery and corruption, the Company has proactively engaged internal auditors to conduct independent, risk-based internal audits focused on Anti-Bribery and Anti-Corruption measures in 2021. The Whistleblowing Policy plays a crucial role in these efforts, providing clear reporting channels for any instances of malpractice, impropriety, or non-compliance, including those related to bribery and corruption. The Board's review and subsequent revision of the Whistleblowing Policy on 17 January 2022 and 15 April 2024 underscore its commitment to continuously enhancing reporting mechanisms and reinforcing ethical conduct throughout the organisation, particularly in the context of combating corruption.</p> <p>Furthermore, the adoption and subsequent revision of the Gift, Entertainment and Hospitality Policy, as well as the Donations and Sponsorships Policy, on 11 April 2022 and 17 February 2023, respectively, further exemplify the Company's dedication to upholding ethical standards and promoting transparency in its operations, thereby reducing the risk of corruption. These policies, readily accessible on the Company's Corporate website, serve as tangible manifestations of its commitment to integrity and accountability, ensuring stakeholders' confidence in its ethical practices.</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>MGB has embraced a triple bottom line approach to value creation, integrating Economic, Environmental, Social and Governance (“EESG”) considerations into all aspects of its operations to foster sustainable development. The Board and Management have seamlessly integrated sustainability principles into every business decision, function, and work process, aiming to generate value while contributing to broader sustainable goals, including the United Nations Sustainable Development Goals (SDGs).</p> <p>To formalise this commitment, the Board has established comprehensive Sustainability Policies, emphasizing integrity, transparency, and continuous improvement in all business endeavors. The policy serves as guiding frameworks, outlining the Group's dedication to upholding ethical business practices and striving for excellence in sustainability performance. The Sustainability Policy lays out fundamental principles that shape the Group's sustainability strategy, ensuring that corporate activities prioritize the sustainable creation of value for shareholders while considering the impact on stakeholders, natural resources, society, and local communities. Group Sustainability team is tasked with implementing and overseeing sustainability initiatives, addressing stakeholder concerns, and updating both Sustainability Committee and the Board on sustainability performance and planned actions. Through these governance structures and policies, MGB demonstrates its unwavering commitment to integrating sustainability into its business practices, fostering long-term value creation and contributing positively to society and the environment.</p> <p>The Group's commitment to sustainability is overseen by a dedicated Board Committee, with support from the Group Sustainability Team and Sustainability Team, tasked with integrating sustainability practices throughout the organization. This collaborative effort ensures that Economic, Environmental, Social and Governance (“EESG”) strategies</p>

	<p>are effectively implemented across all aspects of the Group's operations, spanning Marketplace, Environment, Workplace, and Community initiatives.</p> <p>The Sustainability Committee and Group Sustainability team provide expert guidance on sustainability-related strategies, advising on key areas such as environmental conservation, social responsibility, and governance standards. Their insights shape the organization's sustainability efforts, aligning them with strategic objectives and promoting responsible business practices. A comprehensive overview of the sustainability governance structure, including the roles and responsibilities of key stakeholders, is outlined in the Sustainability Report within the Annual Report 2023. This report serves as a valuable resource for stakeholders, offering transparency and accountability regarding the Group's sustainability initiatives and performance.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 4.2

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 Board of Directors has instituted two pivotal policies, the Environmental, Social, and Governance (ESG) Policy and the Sustainability Policy, collectively referred to as the "Policies," to govern the conduct of directors and employees throughout the entire MGB Group, including its subsidiaries. The Sustainability Policy articulates fundamental principles guiding the Group's sustainability strategy, ensuring that corporate endeavors prioritize the sustainable creation of value for shareholders while considering the impact on stakeholders, natural resources, society, and local communities. Notably, on 19 February 2024, the Policy underwent a comprehensive revision to integrate seamlessly with the existing ESG Policy, aiming to streamline and fortify the Group's approach to sustainability practices, underscoring MGB's dedication to continual improvement and alignment with evolving standards.</p> <p>Responsibility for sustainability management is entrusted to the Management Committee, overseen by the dedicated Sustainability Committee, comprising representatives from various business units. This committee is charged with implementing and overseeing sustainability initiatives, addressing stakeholder concerns, and providing regular updates to both Management and the Board on sustainability performance and planned actions. Through these robust governance structures and policies, MGB reaffirms its steadfast commitment to embedding sustainability into its business practices, thereby fostering long-term value creation and making positive contributions to society and the environment.</p> <p>Furthermore, the Group extends its commitment to sustainability beyond its own operations by promoting alignment with its policies among companies in which it holds an interest. Through its representatives on the boards of these companies, MGB encourages adherence to principles and guidelines consistent with those established in its Policies, as well as in Economic, Environmental, Social and Governance ("EESG") and regulatory compliance policies. Additionally, the Group pledges to cascade its sustainability commitment, practices, and culture to its extended network of business partners, suppliers, and contractors.</p>



	To ensure transparency and accessibility, the Policies are readily available for reference by all employees, officers, directors, stakeholders, and the public on the Company's corporate website, <a href="http://www.mgbgroup.com.my">www.mgbgroup.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

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

### Practice 4.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company adopted a triple bottom line perspective towards value creation. The Board and management integrated sustainability considerations into all business decisions, functions and work processes, with the aim of creating value and contributing to sustainable development.</p> <p>The Board has set the sustainability vision and mission for the Group. The Board has in place policies and guidelines with integration of Economic, Environmental, Social and Governance (“EESG”) elements to promote good corporate governance culture within the Group and embedding sustainability principles into business operation. These include Sustainability Policy, Code of Conduct &amp; Business Ethics, Succession Planning Policy, External Auditor Policy, Whistleblowing Policy, Anti-Bribery and Corruption Policy, Gift, Entertainment and Hospitality Policy, Donations and Sponsorships Policy, Workplace Harassment Policy, Human Rights Policy, Human Resources Learning Development Policy, Fit and Proper Policy, Diversity and Inclusion Policy and Crisis Management Policy.</p> <p>The Board has delegated its sustainability responsibilities to Sustainability Committee. The Sustainability Committee has been actively reviewing and monitoring sustainability initiatives to ensure alignment with the Company’s business goals. The Sustainability Committee also diligently ensure that the Company’s conduct is in line with the Malaysian Code of Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Securities Commission Act, Companies Act 2016 and other local laws.</p> <p>The Board and management continued to harness the full potential of digital transformation for the Group, to optimise affordability of developments and minimise project risks to deliver satisfactory developments to the key stakeholders. With the help of the project management software, the Group has significantly improved monitoring and control over our on-going construction through real-time updates on the progress of the projects, effective cost monitoring and timely project coordination.</p> <p>The management consistently ensure that all projects adhere to the relevant environmental regulations that govern our industry. Besides,</p>

	<p>the Group also ensure all key environmental related practices are adopted in compliance with the ISO 14001:2015 Environmental Management System alongside regular updates to our Environmental Management Plan.</p> <p>The Board has established a principal framework on Health, Safety and Environment Management System and a Healthy, Safety and Environment (“HSE”) Policy, served as the foundational tool and guidance on all health and safety related matters in order to realise the Group’s vision on health and safety, to advocate for safety as a culture and to establish an optimal working environment for employees. The Board further delegates responsibilities to HSE Committees in both HQ and project sites, to oversee and ensure a consistent and standardised application of practices across the whole organisation, whilst continuously identifying areas for improvements.</p> <p>Furthering to HSE Policy, the Board has adopted a Crisis Management Policy on 17 February 2023 to set the responsibilities and procedure on crisis management within all entities of the MGB Group in order to manage the crises when it happened to minimise the disruption of the organisation daily business operations.</p> <p>In compliance with environmental legal requirements and regulations and our dedication to achieving Net Zero Carbon Emission by 2050, MGB Group actively contributes to the protection of the environment and conserving biodiversity. The Board and management continue to advocate the element of sustainability within our business, the Company will stay committed to developing and enhancing our practices and initiatives.</p> <p>Further details are set out in the Sustainability Report incorporated in the Annual Report or the standalone Sustainability Report uploaded on Company’s corporate website.</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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board includes sustainability agenda in the performance of its duties. This also applies to the Management Team, where performance review and assessment on Board and Senior Management contribution and knowledge in relation to the Company's and sustainability agenda were carried out including economic performance, Environmental, Social and Governance ("ESG") initiatives and target and governance compliances. The results of the review would assist to identify ESG gap and the necessary Sustainability initiatives and trainings in view of enhancing the Board and Senior Management's Sustainability knowledge, thus contributing to the sustainability narrative and ambitions.</p> <p>The Sustainability Committee and Board of Directors were provided with quarterly updates on all sustainability projects as well as the initiatives to ensure the Management integrated sustainability considerations in the day-to-day operations of the Company and effective implementation of the Company's sustainability strategies and plans.</p> <p>MGB has set Directors and Senior Management KPIs and targets to drive ESG performance. Going forward, we shall link Directors and Senior Management remuneration to ESG metrics, which is to line with the aspirations Bursa Malaysia and various sustainability reporting frameworks. In view of that, MGB shall revise our existing Remuneration Policy.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5- Step Up

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

*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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board of Directors fulfils its responsibilities by delegating to a Board Committee. Sustainability management comes under the purview of the Sustainability Committee, comprising Executive Directors and Independent Non-Executive Directors with majority of Independent Non-Executive Directors. The Sustainability Committee is assisted by Group Sustainability Team. The Committee is responsible for implementing, overseeing and addressing all sustainability-related issues from stakeholders and update the Management and Board on the Group's sustainability management performance, key material issues identified by stakeholders and planned follow-up measures.</p> <p>The Sustainability Committee is headed by the Executive Director &amp; Chief Executive Officer, Datuk Lim Lit Chek, who oversees the Group's continued commitment in the areas of Economic, Environmental, Social and Governance ("EESG"). Datuk Lim is also tasked to ensure that all sustainability-related matters are duly managed and addressed at the highest level of decision-making.</p>

## 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 Nomination and Remuneration Committee ("NRC") is empowered by the Board to review and evaluate the composition and performance of the Board annually as well as assessing qualified candidates to occupy Board positions. In executing its role to create and maintain a diverse Board, the NRC adheres to the recruiting and sourcing process that seeks to include diverse candidates in any director search. The NRC, also assesses the appropriate mix of diversity including gender, age, ethnicity, skills, experience and expertise required on the Board and address gaps, if any.</p> <p>During the financial year, the NRC reviewed the composition of the Board in respect of its structure, size and the required mix of skills and experience; assessed the independence of the Independent Directors; and assessed and evaluated the performance of the Board, Board Committees and individual directors.</p> <p>The NRC, with the directors' rotation list presented by the Company Secretaries, identified the directors, namely Dato' Abdul Majit bin Ahmad Khan and Datuk Lim Lit Chek, to be retired in accordance with Article 90 of the Constitution of the Company at 21st Annual General Meeting. The NRC assessed the respective directors' eligibility for re-election by considering their competencies, time commitment, contributions and their ability to act in the best interest of the Company. Based on the satisfactory evaluation of the respective director's performance and contributions to the Board, the NRC then make recommendation to the Board their re-election at the 21st Annual General Meeting held on 20 June 2023.</p> <p>Assessment of independence of the Independent Directors would be performed annually. The tenure of each Independent Directors was presented to the NRC for review during Nomination and Remuneration Committee meeting. Dato' Abdul Majit bin Ahmad Khan has attained nine (9) years' term and he has retired as Independent Non-Executive Chairman on 15 January 2024.</p>
<b>Explanation for departure</b>	:	

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

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

**Intended Outcome**

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board comprises seven (7) Directors as follows:</p> <p>(i) Four (4) Independent Non-Executive Directors, which constitute 57% of the Board; and</p> <p>(ii) Three (3) Executive Directors.</p> <p>Based on the above, the Board had complied with the Listing Requirements of at least two (2) or one-third (1/3) of the Board must be Independent Directors and Practice 5.2 of at least half of the Board comprises Independent Directors.</p> <p>All the four (4) Independent Non-Executive Directors have met the criteria of independence as prescribed under Listing Requirements of Bursa Securities. Assessment on independence of the Independent Directors was conducted on an annual basis to ensure that they are independent and free from any business or relationship with the Company or executive team which could materially interfere with their independent judgement or the ability to act in the best interests of the Group.</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 5.3

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>Presently, the Company adheres to a policy wherein Independent Directors are not permitted to serve for more than nine years. Dato' Abdul Majit bin Ahmad Khan, having fulfilled his nine-year tenure as Independent Non-Executive Chairman, officially resigned from the Board on 15 January 2024.</p> <p>This decision aligns with the guidelines stipulated in the Malaysian Code on Corporate Governance, which dictates that the tenure of Independent Directors should not surpass a cumulative period of nine (9) years. Should the Board wish to extend the service of a Director beyond this limit, it is required to provide a justification for the decision and obtain shareholders' approval through a two-tier voting process at a general meeting.</p> <p>Below is a summary detailing the current tenure of service for each Independent Director:</p> <table border="1"><thead><tr><th>Years of Service</th><th>&lt; 1</th><th>1 to &lt;3</th><th>3 to &lt;6</th><th>6 to &lt;9</th></tr></thead><tbody><tr><td>No. of Directors</td><td>2</td><td></td><td>2</td><td></td></tr></tbody></table> <p>The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors.</p>	Years of Service	< 1	1 to <3	3 to <6	6 to <9	No. of Directors	2		2	
Years of Service	< 1	1 to <3	3 to <6	6 to <9								
No. of Directors	2		2									
<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>Nomination and Remuneration Committee (“NRC”) is delegated with the responsibility of assessing and considering suitable candidates for the appointments of Board and senior management (Grade GM1 and above).</p> <p>The NRC will perform initial process of review and selection of candidates identified for appointment to the Board and senior management. The list of candidates available will be assessed to determine whether they possess the appropriate skills, competencies, experience, integrity and time to effectively discharge their role before potential candidate are recommended to the Board for approval. Besides, the diversity of the Board’s composition which include, <i>inter-alia</i>, board size, gender, ethnicity, age will also be taken into consideration in the appointment process. In addition, with the adoption of Fit &amp; Proper Policy, the proposed candidates to be appointed to the Board or re-appointments of directors to the Board are assessed to determine fitness and probity.</p> <p>The Board undertook annual assessment on the composition of the Board in terms of mix of skills, experience, age, gender, competencies and time contributing to the Company. The Board is satisfied with the current composition but still endeavor to identify potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.</p> <p>The appointment of senior management (Grade GM1 and above) was also made with due regard for diversity in skills, experience, age and gender.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has delegated the responsibility of recommending potential candidates to fill Board vacancies to the Nomination and Remuneration Committee (“NRC”).</p> <p>The NRC will initiate the review and selection process for candidates through various channels, considering recommendations from internal sources such as existing board members, management, and major shareholders, as well as external referrals. Subsequently, the NRC will present its recommendations to the Board for approval.</p> <p>In assessing potential candidates, the NRC will evaluate their skills, competencies, experience, integrity, and availability to fulfill the directorial role effectively. Furthermore, the NRC will take into account the diversity of the Board's composition, including factors such as board size, gender, ethnicity, and age, during the appointment process. Additionally, there will be an opportunity for interaction between NRC members and proposed candidates.</p> <p>During the Financial Year Ended 2023, Puan Noor Fansyurina binti Muhammad was appointed as an Independent Non-Executive Director (“INED”) of the Company. Subsequently, on 15 January 2024, Puan Nor Salinun binti Mohd Ghazali was appointed as an INED.</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 5.7

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 Nomination and Remuneration Committee (“NRC”) would carry out formal assessment evaluation the performance as well as identifying any gaps or areas of improvement of the individual directors, Board and Board Committees annually. The NRC also would identify the directors to be retired (“respective directors”) by rotation in accordance with Article 90 of the Constitution of the Company and assess the respective directors’ eligibility for re-election by considering their competencies, time commitment, contribution and their ability to act in the best interest of the Company. Based on the satisfactory evaluation of the respective director’s performance and contributions to the Board, the NRC then recommend to the Board the re-election of the respective directors at the forthcoming Annual General Meeting (“AGM”).</p> <p>The Board endorsed recommendation of the NRC after reviewing the performance evaluation of the respective directors, that the respective directors to be considered for re-election at the forthcoming AGM.</p> <p>A statement of the Board is satisfied with the rating of performance evaluation of the respective directors, hence endorsed the recommendation of the NRC for the respective directors to be considered for re-election pursuant to Clause 90 of the Company’s Constitution at the forthcoming AGM, is disclosed in the Corporate Governance Overview Statement of the Company’s Annual Report.</p> <p>The details of the respective directors to be retired during the forthcoming AGM were disclosed in the Directors’ Profile in the Company’s annual report including their age, gender, position in the company, qualification, working experience, expertise, any position in board committee, any conviction of offence in the past 5 years and any conflict of interest with the Company. The shareholdings of the respective directors were disclosed in the Analysis of Shareholdings in the Company’s Annual Report.</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>	:	<p>As of the Financial Year 2023, the Nomination and Remuneration Committee (“NRC”) consisted of three (3) Independent Non-Executive Directors (“INEDs”) as members, with Dato’ Abdul Majit bin Ahmad Khan (“Dato’ Abdul Majit”) serving as the Independent Non-Executive Chairman of the Board and chairing the committee.</p> <p>Subsequent to Dato’ Abdul Majit's resignation on 15 January 2024, the NRC's composition now comprises four (4) INEDs as members, with Puan Nadhirah binti Abdul Karim assuming the chairmanship of the committee. Presently, she is well supported by three (3) members, Dato’ Beh Hang Kong, Puan Noor Fansyurina binti Muhammad and Puan Nor Salinun binti Mohd Ghazali.</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 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the Financial Year 2023, Puan Noor Fansyurina binti Muhammad joined the Board, followed by the appointment of Puan Nor Salinun binti Mohd Ghazali on 15 January 2024.</p> <p>These recent appointments have contributed to the current composition of the Board, which now includes three (3) women directors out of a total of seven (7) directors, representing 43% of the Board.</p> <p>This achievement aligns with the Board's commitment to diversity and inclusion. The Board adopted a Diversity and Inclusion Policy on 17 February 2023, emphasizing the implementation of a gender diversity policy. This policy ensures that both genders receive fair and equal consideration and treatment in the Board's decision-making processes.</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 5.10

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 acknowledges the paramount importance of fostering diversity within the boardroom, aligning itself with the guidance set forth by the Malaysian Code on Corporate Governance (MCCG) regarding the implementation of boardroom and workforce gender diversity policies.</p> <p>In response, the Board enacted a comprehensive Diversity and Inclusion Policy on 17 February 2023. This policy serves to achieve several key objectives:</p> <ul style="list-style-type: none"><li>• Achieve a diverse and skilled workforce with the highest standards of professionalism, accountability, integrity and competencies for the continuous improvement in the workplace;</li><li>• Have a workplace culture characterised by inclusive practices and behaviours for the benefit of all employees;</li><li>• Continuous Improvement in employment opportunities and career development for women; and</li><li>• Diversity in the Board composition with the required number of independent Directors pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and women Directors for more effective oversight of the Management and the business and to provide check and balance in the discharge of the Board's function, deliberation and decision-making.</li></ul> <p>As part of its commitment to gender diversity, the Group has set a clear target of achieving a 30% representation of women on its Board. Notably, during Financial Year 2023, the appointment of Puan Noor Fansyurina binti Muhammad and subsequently Puan Nor Salinun binti Mohd Ghazali on 15 January 2024 exemplifies the Group's proactive efforts toward realising this objective. These appointments have not only bolstered the representation of women within the Board but have also significantly contributed to the overall diversity and effectiveness of its composition, now representing 43% of the Board.</p>
<b>Explanation for departure</b>	:	

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

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

## Intended Outcome

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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee (“NRC”) carried out an annual assessment to determine the effectiveness of the Board and Board Committees and the independence of the Independent Directors as per the criteria defined under the Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The scope of the assessment comprised the following:</p> <ul style="list-style-type: none"><li>• The Board’s matrix, structure, size and composition as well as the composition of the board committees;</li><li>• The effectiveness of the Board as a whole and the effectiveness of the board committees;</li><li>• The character, experience, integrity and competence of the Directors and to ensure they have the time to discharge their respective roles;</li><li>• The mix of skills and experience of each individual Director including the core competencies of the Non-Executive Directors; and</li><li>• The level of independence of Directors.</li></ul> <p>For the individual directors’ performance, assessment parameters are based on the competencies of each Director in the areas of their contribution, performance, calibre and personality in relation to the skills and experience and other qualities they bring to the Board.</p> <p>For the Board and Board Committees, the assessment parameters included board structure, operations, roles and responsibilities, Chairman’s roles and responsibilities and the effectiveness of the Board Committees.</p> <p>The annual assessment started with distributing the questionnaires to the Directors for completion. The Company Secretaries will assist the Directors if they have any query or need clarification on the</p>

	<p>questionnaires. Upon completion, the Company Secretaries compile the questionnaires and present the results of the performance assessment to the NRC for review. After discussion by NRC, the results were then presented to the Board. The deliberations of the NRC and the Board were minuted in the respective meetings.</p> <p>The outcome of the evaluation shows the current size and composition of the Board is appropriate and well-balanced with the right mix of skills, comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively. The Chairman of the Board demonstrates effective leadership and the Independent Directors are independent and free from any business or other relationship which could interfere with the exercise of independent judgement and objective.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

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

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Remuneration Policy on 30 June 2021, to ensure the payment of equitable, competitive remuneration to key managerial personnel, senior management and all employees of the Company which is based on individual performance, Company's benchmark, industry practices and performance of the Company as a whole. The Remuneration Policy is reviewed by the Nomination and Remuneration Committee ("NRC") and the Board periodically, when necessary. The Remuneration Policy is available on the Company's corporate website.</p> <p>The NRC with the assistance of Human Resource Department, review the remuneration of Executive Directors and senior management (Grade GM1 and above) based on the following main objectives of the Company's policy on remuneration: -</p> <ul style="list-style-type: none"><li>• to ensure remuneration package is competitive to attract and retain;</li><li>• to reward for achieving corporate and individual performance targets in a fair and equitable way;</li><li>• to ensure the remuneration package reflects the duties and responsibilities and includes incentives to motivate and deliver the Group's performance objectives; and</li><li>• the remuneration policy and procedures must be sufficiently flexible to take account of changes in the Group's business environment and market practices.</li></ul> <p>The remuneration package for Executive Directors and senior management (Grade GM1 and above) comprises a fixed component (in the form of basic salary, contractual bonus and benefits-in-kind) and variable components (includes variable year-end bonus and employee share options).</p>

	<p>When reviewing and determining the structure of Executive Directors' remuneration, the NRC takes into consideration of the performance, skills and knowledge, involvement in the Group's affairs, achievement of Group's internal targets and performance and profitability of the Group.</p> <p>The NRC also considers other factors such as remuneration package by peer companies, time commitment, scope of duties and responsibilities. Relevant information on Directors' remuneration from independent consultant or survey data, if available, would also be used as reference by the NRC.</p> <p>The Board as a whole recommends the proposed fees for the Independent Non-Executive Directors with the individual directors concerned abstaining from decisions in respect of their remuneration. The fees, allowance and other benefits, if any, payable to the Independent Non-Executive Directors are subject to the approval of shareholders at the Company's Annual General Meeting.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></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 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 Board has established a Nomination and Remuneration Committee ("NRC") to perform annual review of board effectiveness through a formal and objective annual evaluation and to review the balance of skills, experience, knowledge and independence in the composition of the Board to support the strategic objectives and values of the Company and to structure and review the remuneration policy for Executive Directors and Senior Management (Grade GM1 and above) of the Group, and to ensure that compensation and other benefits encourage performance that enhances the Group's long-term profitability and value.</p> <p>The NRC's recommendations on the remuneration package for Executive Directors and Senior Management (Grade GM1 and above). The determination of the remuneration of the Independent Non-Executive Directors ("INEDs") is a matter for the Board as a whole, subject to approval of the shareholders.</p> <p>Currently, the NRC comprises four (4) members, all of whom are Independent Non-Executive Directors. The roles and responsibilities of the NRC are provided in its Terms of Reference ("TOR") and is available on the Company's corporate website, <a href="http://www.mgbgroup.com.my">www.mgbgroup.com.my</a>.</p> <p>The Board is satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities in accordance with its TOR.</p>
<b>Explanation for departure</b>	:	



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

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

### Intended Outcome

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>	:	<p>The remuneration of the Directors for the Financial Year 2023 is set out below:</p> <p>a) The details of the Directors' remuneration (including benefits-in-kind) for each Director received/receivable from the Company during the Financial Year 2023 are as follows:</p> <table border="1"><thead><tr><th></th><th><b>Fees (RM)</b></th><th><b>Salaries, Bonuses, Allowances &amp; Other Emoluments (RM)</b></th><th><b>Benefits-In-Kind (RM)</b></th></tr></thead><tbody><tr><td colspan="4"><b>Non-Executive Directors</b></td></tr><tr><td>Dato' Abdul Majit bin Ahmad Khan</td><td>49,200</td><td>9,450</td><td>-</td></tr><tr><td>Dato' Beh Hang Kong</td><td>36,000</td><td>9,000</td><td>-</td></tr><tr><td>Puan Nadhirah binti Abdul Karim</td><td>36,000</td><td>8,000</td><td>-</td></tr><tr><td>Puan Noor Fansyurina binti Muhammad</td><td>-</td><td>-</td><td>-</td></tr><tr><td colspan="4"><b>Executive Directors</b></td></tr><tr><td>Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Datuk Wira Lim Hock Guan, JP</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Datuk Lim Lit Chek</td><td>-</td><td>-</td><td>-</td></tr><tr><td><b>Total</b></td><td><b>121,200</b></td><td><b>26,450</b></td><td><b>-</b></td></tr></tbody></table> <p>The overall remuneration packages of Independent Non-Executive Directors which consist of fees, allowance and other benefits, if any, is subject to shareholders' approval annually. The interested directors shall abstain from voting in respect of their shareholdings on the resolution relating thereto at the Company's AGM.</p>		<b>Fees (RM)</b>	<b>Salaries, Bonuses, Allowances &amp; Other Emoluments (RM)</b>	<b>Benefits-In-Kind (RM)</b>	<b>Non-Executive Directors</b>				Dato' Abdul Majit bin Ahmad Khan	49,200	9,450	-	Dato' Beh Hang Kong	36,000	9,000	-	Puan Nadhirah binti Abdul Karim	36,000	8,000	-	Puan Noor Fansyurina binti Muhammad	-	-	-	<b>Executive Directors</b>				Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP	-	-	-	Datuk Wira Lim Hock Guan, JP	-	-	-	Datuk Lim Lit Chek	-	-	-	<b>Total</b>	<b>121,200</b>	<b>26,450</b>	<b>-</b>
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<b>Total</b>	<b>121,200</b>	<b>26,450</b>	<b>-</b>																																											

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	Dato' Beh Hang Kong	Independent Director	36.0	9.00	0	0	0	0	45.00	36.00	9.00	0	0	0	0	45.00
3	Puan Nadhirah Binti Abdul Karim	Independent Director	36.0	8.00	0	0	0	0	44.00	36.00	8.00	0	0	0	0	44.00
4	Puan Noor Fansyurina binti Muhammad	Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Puan Nor Salinun binti Mohd Ghazali	Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP	Executive Director	0	0	0	0	0	0	0	0	0	648.0	297.0	0	148.852	1,093.852
7	Datuk Wira Lim Hock Guan, JP	Executive Director	0	0	0	0	0	0	0	0	0	648.0	297.0	35.2	148.852	1,129.052
9	Datuk Lim Lit Chek	Executive Director	0	0	0	0	0	0	0	0	0	648.0	297.0	87.271	217.771	1,250.052
10	Dato' Abdul Majit bin Ahmad Khan	Independent Director	49.2	9.45	0	0	0	0	58.65	49.20	9.45	0	0	0	0	58.65
11		Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Input info here	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Input info here	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Input info here	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Input info here	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 8.2**

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 Company does not comply with the recommendations to disclose the detailed remuneration of the top five Senior Management in bands of RM50,000 on a named basis by virtue of the sensitivity associated with the disclosure of such information. The Board is of the opinion that it is important for the Group to preserve confidentiality of such information in order to avoid any negative impact vis-a-vis recruitment and talent retention arising from such disclosure.	
		At this particular juncture, the Board is of opinion that the disclosure that made on the aggregate basis as tabled in the Company's Annual Report 2023 allows shareholders and stakeholders to make an appreciable link between remuneration of Key Management and the performance of the Group.	
<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>In Financial Year 2023, the Audit Committee ("AC") consisted of three (3) members, all of whom were Independent Non-Executive Directors, emphasising the importance of independent oversight within the committee. This composition underscored the Board's commitment to governance best practices, with the positions of Chairman of the AC and Chairman of the Board being distinctly separate. This separation aimed to delineate roles and responsibilities clearly, allowing the AC Chairman to focus on the committee's duties effectively.</p> <p>A significant change occurred on 15 January 2024, following the resignation of Dato' Abdul Majit bin Ahmad Khan from his position as Independent Non-Executive Chairman. Subsequently, the Board appointed Puan Noor Fansyurina binti Muhammad and Puan Nor Salinun binti Mohd Ghazali to the committee, increasing the AC's membership to four (4) members. This expansion reflected the Board's commitment to maintaining a robust and effective AC, ensuring sufficient expertise and oversight within the committee to fulfill its responsibilities effectively.</p> <p>As the designated Chairman of the AC, this individual assumes a range of crucial responsibilities. Chief among these is promoting robust and transparent deliberations during AC meetings, fostering continuous, open dialogue with management and both internal and external auditors. This ensures that AC meetings are conducted efficiently and that comprehensive discussions on all agenda items take place among AC members. Moreover, the Chairman of the AC serves as a pivotal link between AC members, the Board, Senior Management, and the Auditors. This highlights the importance of effective communication and collaboration within the organization's governance structure, ensuring alignment and cohesion across all levels of oversight and decision-making.</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**

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>	:	<p>The Audit Committee (“AC”) of the Company adopts the policy that requires a former key audit engagement partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC in its Terms of Reference. The Terms of Reference of the AC is available at the Company’s website.</p> <p>The Board has not appointed any former key audit partner as a member of the AC.</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 9.3

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") plays a crucial role in evaluating the performance of the external auditors. Assessment on the performance of the external auditors was carried out based on the independence and capabilities of the external auditors as well as the effectiveness of the audit process annually.</p> <p>The Group has adopted the External Auditors Policy, which has provided the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of external auditors. The External Auditors Policy is accessible at the Company's corporate website.</p> <p>The AC carries out the assessment annually to determine the suitability and independence of the external auditors including quality and performance of their audit to ensure the external auditors free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectively. The AC undertook review of the suitability and independence of Messrs UHY ("UHY"). In determining the independence of UHY, the AC reviewed various aspects of their relationships with them including the nature and amount of the non-audit services paid to UHY for Financial Year 2023 and the corresponding fees. The review showed that the non-audit fees did not impair or threaten the audit independence of UHY as such amount is not significant as compared to the total audit fees paid to UHY. Based on the review, the AC is of the opinion that UHY is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.</p> <p>In addition, the AC has also obtained written assurance from UHY 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>In reviewing the nomination of UHY for re-appointment for the financial year ending 31 December 2022, the AC had considered the adequacy of the resources, experience and competence of UHY. The assessment of the external auditors was conducted by completing evaluation form as guided by the Corporate Governance Guide. The assessment included</p>

	<p>inter-alia, the external auditors' quality of service, audit team, independence and objectivity, audit scope and planning, audit fees, non-audit services provided by external auditors to the Group and audit communications.</p> <p>After the review, the AC recommended to the Board the re-appointment of UHY as the External Auditors of the Company for financial year ending 31 December 2022 to be tabled to the shareholders for approval at the 21st Annual General Meeting on 20 June 2023.</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**

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> :	Adopted
<b>Explanation on adoption of the practice</b>	<p>The Audit Committee ("AC") comprises three (3) members, whom are all Independent Non-Executive Directors.</p> <p>As at 31 December 2023, the members of the AC are as follows:</p> <ol style="list-style-type: none"><li>1. Dato' Beh Hang Kong (Chairman)</li><li>2. Dato' Abdul Majit bin Ahmad Khan (Member)</li><li>3. Puan Nadhirah binti Abdul Karim (Member)</li></ol> <p>Following to the resignation of Dato' Abdul Majit bin Ahmad Khan as Independent Non-Executive Chairman on 15 January 2024, the appointment of Puan Noor Fansyurina binti Muhammad on 18 December 2023 and followed by the appointment of Puan Nor Salinun binti Mohd Ghazali on 15 January 2024, the composition of AC members are as follows:-</p> <ol style="list-style-type: none"><li>1. Dato' Beh Hang Kong (Chairman)</li><li>2. Puan Nadhirah binti Abdul Karim (Member)</li><li>3. Puan Noor Fansyurina binti Muhammad (Member)</li><li>4. Puan Nor Salinun binti Mohd Ghazali (Member)</li></ol>

### 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 Audit Committee ("AC") is composed of members with diverse backgrounds and extensive expertise in areas such as accounting, economics, entrepreneurship, audit, finance, taxation, property investment, and development. This diversity enriches the quality of discussions within the committee and enhances its ability to fulfill its responsibilities effectively.</p> <p>For example, Dato' Beh Hang Kong brings significant experience in entrepreneurship, property investment, and development, while Dato' Abdul Majit bin Ahmad Khan holds a Bachelor of Economics (Honours), and Puan Nadhirah binti Abdul Karim is a member of the Malaysian Institute of Accountants (MIA).</p> <p>On 15 January 2024, the composition of the AC underwent changes with the addition of Puan Noor Fansyurina binti Muhammad and Puan Nor Salinun binti Mohd Ghazali. These new members bring expertise in global labor dynamics, civil engineering, material supply, agriculture, and Human Resources (HR) professionalism, further enhancing the committee's breadth of knowledge and perspective.</p> <p>The AC members actively participate in professional development activities, attending various programmes and seminars to stay updated on accounting and auditing standards, practices, and regulations. Details of these initiatives are outlined in the Corporate Governance Overview Statement within the Company's Annual Report for 2023. The Nomination and Remuneration Committee has conducted a thorough review of the AC's performance during the financial year. It has determined that both the AC as a whole and each individual member possess the requisite financial literacy and understanding of the Group's business. They are capable of critically analyzing financial results and information provided by Management. Additionally, the AC has</p>

	demonstrated effectiveness and efficiency in carrying out its duties in accordance with its Terms of Reference.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of a sound risk management system and internal control, and delegate the risk management efforts to the Risk Management Committee ("RMC") headed by the Group Managing Director and supported by the Risk Management Working Group ("RMWG"), which led by the Executive Director &amp; Chief Executive Officer and comprises a team of senior management. The RMC and RMWG hold the roles to ensure the risks in the Group are identified and managed with the appropriate risk management system. The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures. The RMC tables its risk management report to Audit Committee for review and deliberation twice per year.</p> <p>The Enterprise Risk Management Framework ("ERM Framework") was established by the Board in 2019 with the aim of setting clear guidelines to ensure proper management of the risks that may impede the achievement of the Group's goals and objectives. Subsequently, the Board has enhanced and revised ERM Framework on 18 August 2022. The Group has in place an on-going process for identifying the principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures for management team execution. The latest ERM Framework is accessible at the Company's corporate website, <a href="http://www.mgbgroup.com.my">www.mgbgroup.com.my</a>.</p> <p>Further details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Company's Annual Report 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

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

**Practice 10.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, in collaboration with its Audit Committee (“AC”) and Risk Management Committee (“RMC”), rigorously evaluates and oversees the Group’s risk management framework and policies. This encompasses the thorough review of procedures aimed at detecting fraudulent activities and ensuring the existence of channels through which employees or external parties can confidentially report suspicions regarding financial reporting, financial control, or any other pertinent matters. Regular briefings to the Board on potential instances of fraud, whistleblowing incidents, and findings from internal audits enable the Board to gauge the integrity of the Group’s financial data and the effectiveness of its internal control and risk management mechanisms.</p> <p>The Group’s risk management practices are applied on an enterprise-wide basis to ensure uniformity and continual assessment across all operational facets. The RMC, in conjunction with the Risk Management Working Group (“RMWG”) led by the Executive Director &amp; Chief Executive Officer and comprising senior management personnel, bears the responsibility for overseeing risk management activities. This includes approving risk management procedures, identifying and managing strategic business risks, and establishing appropriate measurement methodologies.</p> <p>Collaboration between the RMWG and relevant business and support units responsible for identifying and mitigating operational risks is integral to the risk management process. Key risks are meticulously documented in a risk template, complete with detailed assessments and proposed mitigating controls. These are subsequently reviewed by respective units and consolidated for deliberation by the RMC, with resultant reports then presented to both the AC and the Board. New investments or joint ventures undergo a thorough risk assessment process, subject to recommendation by the RMC and AC prior to final approval by the Board, thereby ensuring a comprehensive evaluation of associated risks.</p> <p>Assurances regarding the effectiveness of the Group’s risk management and internal control system are provided by the Group Managing Director and Executive Director &amp; Chief Executive Officer. Based on the</p>

	<p>Group's risk management framework, the Board is satisfied with the system's performance across all material aspects.</p> <p>Following a comprehensive review of the Group's risk management and internal control system for the financial year, the Board is confident in its adequacy and effectiveness. Additionally, the Board acknowledges the importance of addressing corruption risks within the risk management framework, ensuring that appropriate measures are in place to identify, mitigate, and monitor such risks effectively. Further insights into the features of the risk management and internal control framework can be found in the Statement on Risk Management and Internal Control in the Annual Report 2023.</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 10.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board has established a Risk Management Committee ("RMC"), which comprises a majority of Independent Directors on 1 January 2022.</p> <p>As at 31 December 2023, the members of the RMC are as follows:</p> <ol style="list-style-type: none"><li>1. Dato' Wira Lim Hock Guan, JP (Chairman) Group Managing Director</li><li>2. Dato' Abdul Majit bin Ahmad Khan (Member) Independent Non-Executive Director</li><li>3. Datuk Lim Lit Chek (Member) Executive Director &amp; Chief Executive Officer</li><li>4. Dato' Beh Hang Kong (Member) Independent Non-Executive Director</li><li>5. Puan Nadhirah binti Abdul Karim (Member) Independent Non-Executive Director</li></ol> <p>Following the resignation of Dato' Abdul Majit bin Ahmad Khan as Independent Non-Executive Chairman on 15 January 2024, the composition of the RMC underwent changes. This was accompanied by the appointment of Puan Noor Fansyurina binti Muhammad on 18 December 2023 and subsequently, the appointment of Puan Nor Salinun binti Mohd Ghazali on 15 January 2024.</p> <p>These developments reshaped the membership of the RMC as follows:</p> <ol style="list-style-type: none"><li>1. Dato' Wira Lim Hock Guan, JP (Chairman) Group Managing Director</li><li>2. Datuk Lim Lit Chek (Member) Executive Director &amp; Chief Executive Officer</li><li>3. Dato' Beh Hang Kong (Member) Independent Non-Executive Director</li></ol>

	<p>4. Puan Nadhirah binti Abdul Karim (Member) Independent Non-Executive Director</p> <p>5. Puan Noor Fansyurina binti Muhammad (Member) Independent Non-Executive Director</p> <p>6. Puan Nor Salinun binti Mohd Ghazali (Member) Independent Non-Executive Director</p>

**Intended Outcome**

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

**Practice 11.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has outsourced its internal audit function to GovernanceAdvisory.com Sdn. Bhd. (“GASB”), an established external professional internal audit firm. The Internal Auditors report directly and supports the Audit Committee (“AC”), and by extension, to the Board, by providing independent assurance on the effectiveness of the Group’s system of internal control.</p> <p>Annual audit plan was developed by GASB and was reviewed, deliberated and approved by the AC. The Internal Audit reports from the audit engagements carried out were tabled at the AC meetings for review and deliberation. Follow-up audits were also conducted to ascertain the status of implementation of the agreed upon action plans.</p> <p>To ensure internal audit function is effective and able to function independently, the AC appraises the term of office and performance of the Internal Auditors annually and the performance rating of the Internal Auditors was reviewed by the Nomination and Remuneration Committee and endorsed by the Board.</p> <p>For further details, please refer to the Audit Committee Report in the Annual Report 2023.</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>GovernanceAdvisory.com Sdn. Bhd. (“GASB”), the outsourced internal audit function is free from any relationship or conflict of interest, which could impair their objectivity and independence.</p> <p>The internal audit function of the Group assigned by GASB comprises ten (10) audit executives of GASB and led by Mr Wong Tchen Cheg (“Mr Wong”), an experienced internal auditor and has been with GASB for approximately nine (9) years, having joined in year 2015.</p> <p>Mr Wong is a Member of Malaysia Institute of Accountant (MIA) and Certified Public Accountant (CPA) Australia. He has more than nineteen (19) years’ professional experience in providing risk management system and internal controls review service.</p> <p>In performing the internal audit review, GASB made reference to the International Professional Practices Framework (‘IPPF’), the International Standards for the Professional Practices of Internal Auditing and Code of Ethics issued by 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>The Company upholds a strong culture of continuous, timely and equal dissemination of material information with shareholders, stakeholders, media and regulators through practicable and legitimate channels. Its commitment, both in principle and practice, is to maximise transparency consistent with good corporate governance, except where commercial confidentiality dictates otherwise.</p> <p>The various mean of communication channels in place to effectively communicate information to all the shareholders and stakeholders are as follows:</p> <p><u>Annual General Meeting (“AGM”)</u></p> <p>The Company’s AGM remains the principal forum for dialogue and interaction with the shareholders. The Board regards the AGM as an important channel of communication, as it serves as a forum for direct two-way interaction between the shareholders, Board and Management Team on the Company’s strategy, operations, performance and major developments. Shareholders are encouraged to present their views or to seek clarification on the proposed resolution and/or progress, performance and major developments of the Company by participating in the question and answer session during the AGM. The Chairman also plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Senior Management. The Chairman will provide sufficient time to shareholders to raise question and would respond to the shareholders with regards to their concern and question raised accordingly.</p> <p>With reference to the revised ‘Guidance and FAQs on the Conduct of General Meetings for Listed Issuers’ issued by the Securities Commission Malaysia (“SC’s Guidance”) on 7 April 2022, the Company successfully convened its 21st Annual General Meeting in 2023 (“Meeting”) as a fully virtual meeting through live streaming and online remote voting via Remote Participation and Voting Facilities (“RPV”). Members had joined the Meeting online and remotely, and also voted electronically using the Remote Participation and Voting facility provided by Tricor Investor &amp; Issuing House Services Sdn. Bhd. via its TIIH Online website. Shareholders and proxies were able to submit their</p>

questions electronically via the TIH Online before and during the Meeting. Electronic poll voting was conducted on all resolutions with immediate announcement of results by the Chairman, after voting verification by independent scrutineer. The results were then released to Bursa Malaysia Securities Berhad (“Bursa Securities”) on the same day after the meeting to enable the public to know the outcome thereof. The summary of AGM proceedings is also made available on the Company’s corporate website, [www.mgbgroup.com.my](http://www.mgbgroup.com.my).

#### Annual Report

Annual Report act as a key channel of communication with the Group’s shareholders and stakeholders contains comprehensive details of the business, financial performance, direction and other activities of the Company. These contents are continually enhanced in order that shareholders and stakeholders are provided with clear and accurate information to be discussed and participated during AGM.

The Notice of AGM is circulated more than 28 days before the date of the meeting to enable shareholders to thoroughly peruse the Annual Report which contains comprehensive reports on the Group’s financial performance, directions and insights. The Company always publish its Annual Reports in a timely manner.

#### Corporate Website

The Company’s corporate website [www.mgbgroup.com.my](http://www.mgbgroup.com.my) which updates periodically also provides an avenue for accessing to the latest corporate information and development of the Group.

The Investor Relations and Sustainability sections on the Company’s corporate website also provides information relating to Annual Reports, quarterly results and announcements, the Board Charter, Terms of Reference of Board Committees, Corporate Governance Report and Sustainability Report as well as other relevant and related documents or reports relating to Corporate Governance.

#### Announcements to Bursa Securities

The Company aims to ensure that the stakeholders are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcement to Bursa Securities.

#### Meeting with Analyst and Fund Managers

The Company’s investor relations team is actively engaging and having dialogue with analysts and fund managers to ensure full and transparent disclosure on the Company’s operation and financial information.



	<p><u>Online Social Networking</u></p> <p>By recognising broader communication, the Company has embarked on its social media journey by registered itself on Facebook, LinkedIn and Instagram to serve as alternate channels of communication in view of better engagement with the shareholders, investors and other stakeholders. All the corporate news, events, ceremony and media release will be posted on the Facebook, LinkedIn and Instagram from time to time in order to keep the shareholders and stakeholders updated on the Group’s business progress and development.</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**

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 Notice and agenda of Annual General Meeting (“AGM”) together with the Proxy Form are dispatched to shareholders at least 28 days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxies to attend and vote on their behalf.</p> <p>The 21st AGM of the Company was held on 20 June 2023 and the Notice of AGM was issued on 28 April 2023 to allow shareholders additional time to go through the Company’s Annual Report and make necessary attendance and voting arrangements.</p> <p>The Notice of 21st AGM also includes details and relevant explanatory notes to the proposed resolutions to enable the shareholders to make informed decision in exercising their voting rights.</p> <p>The Notice of the AGM is accessible by the shareholders via Bursa Malaysia Securities Berhad’s website as well as the Company’s corporate website. The said notice is also advertised in one (1) nationally circulated daily newspaper.</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

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>The Company regards its general meetings, particularly its Annual General Meeting (“AGM”), as the principal forum for direct interaction and dialogue among shareholders, the Board and Management. AGM provides an important avenue for effective communication with shareholders and for receiving constructive feedback particularly on matters concerning shareholders’ interests.</p> <p>The 21st AGM was held on 20 June 2023 as a fully virtual meeting via live streaming. Members had joined the AGM online, and also voted electronically using the Remote Participation and Voting facility provided by Tricor Investor &amp; Issuing House Services Sdn. Bhd. via its TIIH Online website.</p> <p>At the virtual 21st AGM of the Company, all Directors including the Chairman of Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Sustainability Committee, attended virtually to engage directly with the shareholders. The Group’s Senior Management, External Auditors and Company Secretary were also attended the AGM to answer queries or issues raised by the shareholders relating to Group’s financial performance and business operations. The Chairman of the Board acted as a point of contact for shareholders and other stakeholders at the AGM.</p> <p>Shareholders and proxies were allowed to submit questions electronically via TIIH Online from the date of issuance of the Annual Report 2022 up to 24 hours prior to the 21st AGM date; i.e. 20 June 2023. This practice has been implemented since 2021 and will continue to be implemented for the Company’s AGMs in the future.</p> <p>All questions and responses to the questions at the AGM were minuted. The minutes of the 21st AGM was published on the Company’s website within 30 days after the AGM.</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 Annual General Meetings (“AGM”) of the Company are always held at an easily accessible venue to facilitate high shareholders’ attendance. Shareholders who are unable to attend general meetings may appoint any persons as their proxies to attend, speak and vote on their behalf at the general meetings in accordance with the relevant provisions of the Constitution.</p> <p>At its 21st AGM held on 20 June 2023, MGB Berhad had leveraged technology to convene its AGM as a fully virtual meeting conducted via live streaming, where members had joined the AGM online, and also voted electronically using the Remote Participation and Voting (“RPV”) facility provided by Tricor Investor &amp; Issuing House Services Sdn. Bhd. (“Tricor”) via its TIIH Online website. Detailed procedures were provided to shareholders in the Administrative Guide to shareholders available on the Company’s website.</p> <p>Shareholders who had registered to participate in the AGM had logged on to the TIIH Online website and participated remotely via live streaming at the AGM. At the same time, they cast their votes online until the close of the voting session.</p> <p>The electronic polling process was conducted by Tricor, the Poll Administrator and results of the poll was verified by the Scrutineers, Scrutineer Solutions Sdn. Bhd.</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>	:		
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### 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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At its 21st Annual General Meeting ("AGM") held on 20 June 2023, MGB Berhad had leveraged technology to convene its AGM as a fully virtual meeting conducted via live streaming, where members had joined the AGM online, and also voted electronically using the Remote Participation and Voting ("RPV") facility provided by Tricor Investor &amp; Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website.</p> <p>The shareholders were strongly encouraged to participate using the RPV facility via TIIH Online website. Shareholders and proxies were able to submit their questions electronically via TIIH Online before and during the AGM.</p> <p>All Directors including the Chairman of AC, NRC, RMC and SC attended virtual AGM to engage directly with the shareholders. The Group's senior management, External Auditors and Company Secretaries were also attended the AGM to answer queries or issues raised by the shareholders relating to Group's financial performance and business operations. The Chairman of the Board acted as a point of contact for shareholders and other stakeholders at the AGM.</p> <p>The Chairman of the meeting also plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Senior Management. Shareholders are encouraged to present their views or to seek clarification on the proposed resolution and/or progress, performance and major developments of the Company by participating in the questions and answers session during the AGM.</p> <p>The Chairman will provide sufficient time to shareholders to raise questions and would respond to the shareholders with regards to their concern and questions raised accordingly. The Chairman had assigned the Executive Directors &amp; Chief Executive Officer to answer the questions raised by shareholders/proxies. Most of the questions received from the shareholders/proxies were answered during the</p>



	AGM. Whereby for lengthy questions or questions that required more time and more information, the management provided answers via email to the respective shareholders/proxies at earliest possible, after the meeting. All questions and answers received were recorded in the minutes of 21st AGM, which is accessible in the Company's website.	
<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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 21st AGM of the Company was conducted on a fully virtual basis on 20 June 2023 via the online meeting platform. The shareholders and proxies participated and voted remotely at the 21st AGM. The Board had appointed Tricor Investor &amp; Issuing House Services Sdn. Bhd. (“Tricor”), the share registrar of the Company, as its poll administrator for its 21st AGM. The Board believed that Tricor is one of the Asia’s leading business expansion specialist, with global knowledge and local expertise in business, corporate, investor, and governance advisory, is trustworthy and equipped with information technology support team and sophisticated e-poll-counting system to deliver timely and accurate voting results.</p> <p>Prior to the 21st AGM, the Company had provided an Administrative Guide to the shareholders, which set out the procedures and requirements for Remote Participation and Voting (“RPV”) facilities. Verification on the eligibility of shareholders/corporate representatives/proxies to attend the 21st AGM was done by the Poll Administrator (Tricor) based on the General Meeting Record of Depositors as at 2 June 2023 and upon the cut-off date and time for submission of form of proxy.</p> <p>Shareholders and proxies that successfully registered for RPV were encouraged to submit their questions electronically via TIIH Online before and during the AGM. Shareholders and proxies joined the AGM online, and also voted electronically using the RPV facility provided by Tricor via its TIIH Online website.</p> <p>All questions posed by shareholders were visible to all meeting participants during the meeting itself via the RPV facility. The Chairman had assigned the Executive Director &amp; Chief Executive Officer to answer all the questions raised. For questions that need more time and more</p>

	information, the management had replied via email to the respective shareholders/proxies after the meeting.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Minutes of the 21st Annual General Meeting (“AGM”) on 20 June 2023 (“Minutes”) was prepared by the Company Secretary after the meeting. The Minutes has been circulated and confirmed by the Board of Directors on 18 July 2023. The Minutes was confirmed and signed by the Chairman, as a correct record of the proceedings thereat. A copy of the confirmed Minutes was uploaded to the Company’s corporate website within 30 business days after the AGM, on 18 July 2023.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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