

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5182
COMPANY NAME : MCT BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

| | |
|---|--|
| Application | : Applied |
| Explanation on application of the practice | <p>: The Board of Directors ("Board") of MCT Berhad ("MCT" or "Company") has set up a board charter ("Board Charter") wherein it lays out the role and the responsibilities of the Board to ensure that the Company's goals are established. The Board Charter is published on the Company's corporate website, www.mct.com.my.</p> <p>The Board is tasked to monitor the performance of the management and implementation of strategies and policies, including assessing whether appropriate resources are available. These are generally discussed during the quarterly Board meetings, including the presentation of financial results.</p> <p>The Board has established and is supported by the following Board committees, which consist of a majority of Independent Non-Executive Directors ("INED") to provide independent oversights on management:</p> <ul style="list-style-type: none"> (i) Audit and Risk Management Committee ("ARMC"); (ii) Nomination Committee ("NC"); and (iii) Remuneration Committee ("RC"). <p>The Board has tasked the ARMC to review the Company's financial reporting and its group of subsidiaries ("Group"), the adequacy and effectiveness of risk management, internal control, and governance systems. The ARMC receives the in-house internal audit team's report and has outsourced the Company's risk management function to an independent third-party professional firm.</p> <p>The NC is tasked with identifying, assessing and recommending suitable candidates to the Board and reviewing and assessing the Board's performance. Besides, NC also reviews the independence of the board members on an annual basis.</p> <p>The Board has also tasked the RC to develop the remuneration policy</p> |

| | | |
|---|---|--|
| | <p>and review and recommend matters related to the remuneration of the Board and senior management.</p> <p>As at the date of issuance of this report, the NC and RC were renamed as the Nomination Remuneration Committee ("NRC") effective 1 April 2022.</p> <p>These Board committees have the authority to report to the Board on their recommendations and the Board will make the final decision.</p> | |
| Explanation for departure | : | |
| | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.2

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor is the Chairman of the Company. He holds a non-executive position and is primarily responsible for leading and ensuring the board's overall conduct and performance.</p> <p>He was appointed to the Board as an INED on 1 April 2015 and was subsequently re-designated as the Company's Chairman on 3 April 2015.</p> <p>In fulfilling his role as Chairman of the Company, he amongst others carries out the following:</p> <ul style="list-style-type: none">• Leader of the Board and responsible for the development needs of the Board;• Setting the Board Agenda and ensure that the Board receives complete and accurate information promptly;• Maintain a constructive and respectful relationship between the Board and the Management;• Represent the Company at shareholders' meetings and ensure effective communication between the Company and the shareholders and stakeholders;• Oversee the annual evaluation of the performance of the Board and Board committees;• Facilitate constructive and effective contribution from all Directors at the Board meetings; and• Lead the Board in establishing and monitoring good corporate governance practices in the Group. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.3

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | Different individuals hold the positions of Chairman and Chief Executive Officer (“CEO”), wherein Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor is the Board Chairman while Mr. Teh Heng Chong is the CEO for the financial year ended 31 December 2021 (“FY2021”). The distinct and separate roles of the Chairman and CEO with their clear division of responsibilities ensure that there is a balance of power and authority. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 1.4

The 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> | |
| Application | : Applied |
| Explanation on application of the practice | : Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor, the Board Chairman has ceased to be chairman of the RC and a member of the ARMC and the NC with effect from 31 March 2022 to be in line with the Malaysian Code on Corporate Governance 2021 (" MCCG 2021 "). |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

Practice 1.5

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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is supported by in-house and external company secretaries who are qualified and able to provide the Board's necessary advice. The secretaries provide an advisory role and relevant support to the Board on the followings matters:</p> <ul style="list-style-type: none"> • Compliance with the Companies Act 2016 ("CA 2016"), Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"), MCCG 2021, statutory obligations and other relevant laws and regulations; • Assist the Board to discharge its function effectively and following its respective Terms of Reference and best practice; • Ensure adherence to the Board's policies and procedures and practices of corporate governance; • Coordinate the meeting proceedings of the Board and Board committees; • Ensure the process and procedures of Board and Board committees' meetings are properly conducted, and all deliberations at the meetings are accurately recorded; and • Facilitate the training requirements of Directors and provide regular updates to the Board on any regulatory changes and development. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.6

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.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>All Directors are furnished with the relevant agenda and board papers before each meeting. The Directors have an overview of matters to be discussed or reviewed at the meetings and seek further clarifications if needed.</p> <p>The Directors have access to the advice and services of the company secretaries.</p> <p>The Directors also have access to professional services if required for the necessary advice and information to facilitate discussion and decision-making.</p> <p>The company secretaries have taken minutes of meetings and tabled them at the subsequent Board/Board committees' meetings for approval and confirmation.</p> <p>In the absence of any forthcoming Board meetings, any matters requiring the board's sanction may be sought by way of Directors' circular resolutions in writing. All Directors' circular resolutions in writing approved by the Board are tabled for notation at the next Board meeting.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 2.1

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

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board Charter was established on 7 May 2015 and sets out the composition, roles and responsibilities, re-election/re-appointment, remuneration and Board meetings of the Company.</p> <p>The revised Board Charter has been subsequently reviewed and approved on 23 February 2022, and the same is published on the Company's website, www.mct.com.my.</p> <p>The Board Charter will be periodically reviewed and updated.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 3.1

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group is committed to upholding good corporate governance practices, and upholding its business ethics, maintaining the confidence and trust of its customers and suppliers.</p> <p>The Group had on 7 May 2015 established a Code of Ethics covering Honest and Ethical Conduct, Conflicts of Interest, Proper Use of Group's Assets, Compliance, Confidentiality, Fair Dealing, Reporting and Enforcement and Waiver for all employees of the Company and all of its subsidiaries.</p> <p>The revised Code of Ethics has been subsequently reviewed and approved on 23 February 2022, and the same is published on the Company's website, www.mct.com.my.</p> <p>The Company issued a separate business code of ethics that applies to all employees of the Group and ensures all employees perform and exercise their roles and responsibilities for sustaining the confidence and trust of its customers and suppliers.</p> <p>The business code of ethics sets out the standards of business conduct and ethical behaviour, including integrity, dealing with conflict of interest, proper use of Group's assets, compliance with all applicable laws, rules and regulations of the relevant regulators or governmental authorities, confidentiality, fairness, etc..</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 3.2

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a Whistleblowing Policy and Procedures (“WPP”) on 28 November 2017, and it is published on the Company's website, www.mct.com.my.</p> <p>All employees are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, and other malpractices at the earliest opportunity and in an appropriate way according to the WPP. Whistleblowers may report their concerns through three reporting channels as follows:</p> <ul style="list-style-type: none">i. the telephone hotline, 03-26167005;ii. the email address, whistleblowing-mct@bdo.my; andiii. the portal, https://bdoethics.com. <p>This WPP is administered by the Whistleblowing Committee and Group's top management and overseen by the ARMC.</p> <p>The Whistleblowing Committee consists of three members, i.e., the Human Capital & Administration Director, the General Legal Manager and the Senior Internal Audit Manager. The Human Capital & Administration Director is also the Chairman of the Whistleblowing Committee.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The 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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is mindful of the importance of business sustainability and is committed to actualising the Group's sustainability Mission and Vision. The Board provides guidance on all matters relating to sustainability. The Board practice oversight over all implemented strategies and risk process to ensure that sustainable value is created for all stakeholders and directs the Management Team in identifying and acting upon Economic, Environmental and Social ("EES") obligations to stakeholders that are impacted by the Group's operations. The Board ensures that sustainability is embedded in the Group's strategic direction and all sustainability initiatives that are adopted by the Group are regularly reported to the Board.</p> <p>The Management Team leads the organisation in raising sustainability standards. They proactively enhance the quality of the Group's EES practices by setting key initiatives, performing sustainability appraisals and evaluating performance which is reported to the Board.</p> <p>The Head of Departments ("HODs") are responsible for executing strategies and developing plans that fulfil the EES responsibility and ensure the success of the sustainability programmes.</p> <p>Further, the Company's Sustainability Statement provides an overview of the Company's sustainability performance for the year 2021, which is disclosed in the Annual Report 2021.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The 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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board maintains open communication channels with the stakeholders to ensure that the stakeholders can voice out their concerns and all concerns are addressed promptly. These engagement activities aid the Group in formulating sound strategies, providing a timely response and helping in developing coherent plans.</p> <p>A list of identified key stakeholders, their areas of concern, the Group corresponding mode of engagement and responsive actions are disclosed in the Sustainability Statement of the Annual Report 2021.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The 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.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Board is mindful of the importance of sustainable development and continuously keeps themselves abreast with the sustainability issues relevant to the Group's business. The Board also ensures the Management Team undergoes regular training to acquire and update their knowledge and skills on the sustainability issues. The Group conducts materiality assessment annually to enable the identification of EES issues that presented risks and opportunities to the Group and to ensure that the sustainability matters remained relevant to the Group and stakeholders. The details of the materiality assessment 2021 are disclosed in the Sustainability Statement in the Annual Report 2021. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

The 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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Directors and Board Committees' assessment and evaluation have been performed on yearly basis to assess the following areas: -</p> <ul style="list-style-type: none"> • Board and Board Committee Evaluation; • Assessment on Mix of Skill and Experience; and • Evaluation of independence of a director. <p>Based on the assessment and evaluation performed by each individual Directors, it was concluded that: -</p> <p>(a) NC was satisfied that the Directors had discharged their responsibilities in a commendable manner, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.</p> <p>(b) NC was satisfied with the current structure, size and composition of the Board which comprises people who possess different expertise and experience in various fields and specialisations that enable the Board to lead and manage the Company effectively.</p> <p>(c) NC was satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act independently and objectively in the best interest of the Company.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

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.

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Board directs the Management Team which comprises key persons from various departments and is led by the CEO who is entrusted to oversee the integration of sustainability efforts across the Group and ensure adequate resources, systems and processes are in place to drive these initiatives.</p> <p>The CEO is responsible for the implementation of the sustainability related initiatives as well as advising and reporting to the Board on the significant issues arising therefrom.</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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NC had performed a Board assessment on annual basis to ensure that the right group of people with the appropriate mix of skills was appointed.</p> <p>The NC had conducted an assessment of Directors who are seeking re-election at the Twelfth ("12th") Annual General Meeting ("AGM").</p> <p>The NC satisfied the performance and contribution of the below-named Directors to the Board and concluded that:</p> <p>a. Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor and Ms. Anna Maria Margarita Bautista Dy were eligible for re-election pursuant to Clause 97.1 of the Constitution of the Company; and</p> <p>b. Ms. Ma. Divina Yee Lopez was eligible for re-election pursuant to Clause 104 of the Constitution of the Company.</p> <p>The Board approved and proposed the abovementioned re-election of Directors at the 12th AGM held on 1 September 2021.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.2

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

| | | |
|--|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>As of 31 December 2021, the Board consists of nine (9) members, comprising of three (3) Independent Non-Executive Directors ("INED"), four (4) Non-Independent Non-Executive Directors ("NINED") and two (2) Executive Directors ("ED").</p> <p>Recognising the value of independent Directors, we ensure that the board composition is in line with Paragraph 15.02(1) of the MMLR, which stipulates that the Board must consist of at least two (2) Directors, one-third (1/3) of the Board are independent directors.</p> <p>The Board noted that the board composition mentioned above is not aligned with the best practices of MCCG 2021, which stipulates that at least half of the Board comprises independent Directors.</p> <p>The Board endeavors to seek suitable and caliber candidates as additional independent directors of the Company to apply the best practices of the MCCG 2021.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

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.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | No INED has reached the cumulative term limit of 9 years. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.4 - Step Up

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

| | |
|--|-------------|
| <i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i> | |
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

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

Practice 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.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board recognises the importance of boardroom diversity and values the benefits that diversity can bring to its Board.</p> <p>The Board also recognises that having different facets of skills, backgrounds, experience, and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.</p> <p>The Board has established the NC to ensure suitable board members and senior management with appropriate skillset, experience, age, cultural background, and gender can support the Board in disseminating its duties and the Company in achieving its goals.</p> <p>The NC is entrusted with proposing and recommending new nominee(s)/candidate(s) to the Board. It also undertakes an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies and effectiveness of the Board as a whole, and the contribution of each Director.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 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.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | Through its NC, the Board receives nominations on new board members from various sources, including a recommendation from the Board, major shareholders, and independent sources to identify suitably qualified candidates. The selection of new board members considers the qualification, experience, and willingness to contribute time and effort towards the Company. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The details of the Directors appointment, reappointment and seeking re-election at the annual general meeting including their qualification, working experience, directorship in other public listed companies, relationship with any director or major shareholder and conflict of interests with the Company are set out in the Profile of Directors section as disclosed in the Annual Report.</p> <p>The details of the interest of the Directors in the securities of the Company and attendance at Board of Directors' Meetings held during the financial year ended 31 December 2021 are also disclosed in the Annual Report.</p> <p>Based on the NC's assessment, Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor, Ms. Anna Maria Margarita Bautista Dy and Ms. Ma. Divina Yee Lopez were eligible for re-appointment ("Re-appointment"). The shareholders, taking heed of the Board's recommendation, approved the Re-appointment at the 12th AGM.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.8

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

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The NC is chaired by an INED, Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

| | | | |
|--|---|--|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Currently, the Board is represented by two (2) women Directors, namely Ms. Anna Maria Margarita Bautista Dy and Ms. Ma. Divina Yee Lopez. Representing 22% female representation in the Board. | |
| | | The Board acknowledges the importance of women representation and advocates gender diversity aspires to have a higher female representation since 2015. | |
| | | Alternative Practice: Not available. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

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.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The current gender diversity of the Board is that there must be a woman director on board.</p> <p>The board diversity of the Company has been disclosed in the Corporate Governance Overview Statement.</p> | |
| Explanation for departure | : | 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> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

| | |
|--|--|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : The annual assessment internally facilitated and conducted by the NC is performed through an evaluation form adopted by the NC at the NC Meeting. The NC makes an annual assessment of each Director and the Board committees, and the overall Board. The criteria used in the performance assessment of the Board, Board committees and individual Directors include: <ul style="list-style-type: none">i. appropriate size, composition, degree of independence, the right mix of expertise, experience and skills within the Board and Board committees;ii. open communication of information and active participation within the Board and Board committees;iii. a clear understanding of the Board and Board committees' roles and responsibilities and the Group's direction and strategy; andiv. the characteristic, integrity, competency and time commitment of the board members and Board committees in discharging their duties. The results of the assessment are presented to the Board for comments and recommendations (if any). All assessments and evaluations carried out by the NC are properly documented. The NC was satisfied that each of its Directors has the experience, integrity, character, commitment and time to successfully discharge their responsibilities cum respective roles. |
| Explanation for departure | : |

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

Intended Outcome

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

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

Practice 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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group operates in a competitive environment. An essential strategy is to attract, motivate, and retain the highest achievers who can deliver the business objectives. The level of remuneration and benefits the Company offers is the key to supporting the goals and maintaining our market position as an employer of choice.</p> <p>The Company has established a set of Remuneration Policies & Procedures to support the Directors and key senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. In this respect, the board's objective is to offer a competitive remuneration package to attract, motivate, retain and reward Directors and key senior management who will manage and drive the Company's success.</p> <p>The Board has set up the RC to assist the Board in setting out competitive salaries and benefits to attract the right ED(s) and senior management(s).</p> <p>The remuneration package of non-executive Directors is based on the level of experience and responsibilities.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

| | | | |
|------------------|---|--|--|
| Timeframe | : | | |
|------------------|---|--|--|

Intended Outcome

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

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

Practice 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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The RC reviews the contract and compensation of ED(s) and recommends the same for the Board's approval.</p> <p>The RC ensures that remuneration is sufficiently attractive to retain the Directors needed to run the Company.</p> <p>As at the date of issuance of this report, the NC and RC are combined into a single Board Committee. Effective 1 April 2022, the NC and RC were renamed the Nomination Remuneration Committee ("NRC").</p> <p>The Terms of Reference of the NRC are published on the Company's corporate website, www.mct.com.my.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 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.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The remuneration package of the Company's Directors, including the remuneration for services rendered to the Group for the FY2021, is disclosed on a named basis under the Section of Corporate Governance Overview Statement in the Annual Report.</p> <p>The NINED's fee and allowances will not be paid to them in their personal capacity but to Regent Wise Investments Limited.</p> |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|--|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor | Independent Director | 127.2 | 46 | - | - | - | -- | 173.2 | - | - | - | - | - | - | - |
| 2 | Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar | Independent Director | 91.2 | 16 | - | - | - | - | 107.2 | - | - | - | - | - | - | - |
| 3 | Lao Chok Keang | Independent Director | 74.4 | 12 | - | - | - | - | 86.4 | - | - | - | - | - | - | - |
| 4 | Bernard Vincent Olmedo Dy | Non-Executive Non-Independent Director | 79.2 | 16 | - | - | - | - | 95.2 | - | - | - | - | - | - | - |
| 5 | Anna Maria Margarita Bautista Dy | Non-Executive Non-Independent Director | 69.6 | 12 | - | - | - | - | 81.6 | - | - | - | - | - | - | - |
| 6 | Jaime Alfonso Antonio Eder Zobel de Ayala | Non-Executive Non-Independent Director | 60 | 12 | - | - | - | - | 72 | - | - | - | - | - | - | - |
| 7 | Ma. Divina Yee Lopez | Non-Executive Non-Independent Director | 35.18 | 6 | - | - | - | - | 41.18 | - | - | - | - | - | - | - |
| 8 | Teh Heng Chong | Executive Director | - | - | - | - | - | - | - | - | - | 976.8 | - | 6.6 | 118.139 | 1,101.539 |
| 9 | Apollo Bello Tanco | Executive Director | - | - | - | - | - | - | - | - | - | 464.503 | - | 6.6 | 0.593 | 471.696 |
| 10 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 11 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

| | | | | | | | | | | | | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 12 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 13 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

Intended Outcome

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

Practice 8.2

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

| | | |
|--|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Board believes that the disclosure on the remuneration of the key senior management on a named basis is due to confidentiality and sensitivity concerns and the issue of competitiveness of the Company in engaging its employees.</p> <p>Based on the above rationale, the Company is not in favour of disclosing the remuneration of its top five (5) key senior management.</p> <p>The Board will ensure that the remuneration of the key senior management is commensurate with their duties and responsibilities, the Company's performance and without excessive remuneration payouts.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

| 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.

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

| 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.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board had on 3 April 2015 reconstituted and re-designated the ARMC and the ARMC currently comprises four (4) members, represented by a majority of INED.</p> <p>The Chairman of the ARMC is Mr. Lao Chok Keang, an INED, and he is not the Chairman of the Board whilst Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor, INED and Chairman of the Board.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The ARMC is not represented by any former key audit partner.</p> <p>The policy of a three (3) years cooling-off period has been incorporated in the revised Terms of Reference of ARMC dated 23 February 2022.</p> <p>The Terms of Reference of ARMC are published on the Company's corporate website, www.mct.com.my.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The ARMC conducts an annual evaluation to review the external auditors' competency and independence before considering their appointment or re-appointment.</p> <p>The ARMC reviews and discusses the audit plan with the external auditors to ensure that the audit's nature and scope are appropriate.</p> <p>The external auditors make a declaration of their independence to the ARMC. The ARMC also obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the audit engagement.</p> <p>The ARMC discusses the audit findings with the external auditors upon completing the audit engagement and recommends/present the findings/conclusions to the Board.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|--|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | The Board has, on 3 April 2015, reconstituted and re-designated the Audit Committee to ARMC, and the ARMC currently comprises four (4) members, represented by a majority of INED. |

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.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The members of the ARMC possess a mix of skill, knowledge, and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference of the ARMC. The members of the ARMC undertake continuous training and developments in topics required to discharge their duties. In their presentations during the ARMC meeting, the External Auditors will update and brief the ARMC of any new accounting and auditing standards relevant to the Company.</p> <p>The Board, through the NC, has reviewed the effectiveness and term of office of the ARMC via an evaluation questionnaire. The Board is satisfied with the performance of the ARMC and that the necessary skills, experience, knowledge and other relevant fields of expertise of the ARMC members will contribute to the overall effectiveness of the ARMC.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is ultimately responsible for the Group's overall internal control and risk management.</p> <p>The Management has set up an Enterprise Risk Management (“ERM”) process wherein procedures, methodologies, evaluation and documentation of risks and internal controls are applied within the Group.</p> <p>The Board outsourced its risk management function to KPMG Management & Risk Consulting Sdn. Bhd., an independent third-party consulting firm.</p> <p>External risk management's role is to enhance the ERM Framework of the Group to facilitate the systematic application of risk management practices and effectively report the risk management results.</p> <p>Full details of the risk management framework do set out in the Statement on Risk Management and Internal Control (“SORMIC”) in the Company's Annual Report, which prescribes the risk management framework and internal control system undertaken by the Company.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.2

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has disclosed the features of the Company's risk management and internal control framework in the SORMIC for the FY2021.</p> <p>The internal auditors and KPMG Management & Risk Consulting Sdn. Bhd., assisted the Board in evaluating the adequacy and effectiveness of the risk management and internal control framework for the FY2021.</p> <p>The Board concluded the adequacy and effectiveness of the risk management and internal control framework based on the independent reports. The Board disclosed its conclusion in the SORMIC for the FY2021.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 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.

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Board has on 3 April 2015 re-designated the Audit Committee to ARMC to oversee the risk management framework and policies. Before the re-designation, the ARMC's role also included overseeing the risk management framework and policies.</p> <p>Three (3) out of four (4) members of the ARMC are INED including the Chairman.</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.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The in-house Internal Audit Department (“IAD”) supports the ARMC in the discharge of its duties and responsibilities.</p> <p>The IAD’s mission is to provide independent, objective assurance and consulting services designed to add value, improve the Company's operational efficiency, risk management and internal control systems.</p> <p>The ARMC reviews the qualifications and works experiences of the key members of the IAD to ensure that the competence level of the IAD is acceptable.</p> <p>The ARMC reviews the IAD workforce and audit plan to ensure that it possesses the required resources and utilises its resources efficiently.</p> <p>The ARMC issues an Internal Audit Charter to ensure that the IAD is independent of the Management, possesses the required authority and complies with the Institute of Internal Auditors' standards.</p> <p>The ARMC evaluates the performance of the IAD yearly to identify and close performance gaps.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company has an in-house IAD led by a qualified and experienced Senior Manager with three (3) assistants to carry out its appraisal function independently from the Management, with the Head of Internal Audit who directly reports to the ARMC.</p> <p>The IAD, which has four (4) staff, is headed by Mr. Wong Choon Ming. Mr. Wong holds a bachelor's degree in accounting and is a Chartered Member of the Institute of Internal Auditors Malaysia.</p> <p>The IAD function is to assist the ARMC, Board and Management in discharging their governance responsibility, ensuring the adequacy and effectiveness of the internal control systems, risk management framework and recommending improvements to add value to the Group's operational efficiency.</p> <p>The Internal Auditors have confirmed that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence in their audit assignments.</p> <p>The Board has put in place an Internal Audit Charter recommended by the ARMC as a guide to the IAD in its objectives and scope of authority. The internal audit function fully abides by the provisions of its charter.</p> <p>The Audit Plan will be implemented once approved by the ARMC, and the IAD reports are circulated to the ARMC periodically.</p> <p>A statement on the Internal Audit Function with the required disclosure is available under the ARMC Report in the Company's Annual Report for the FY2021.</p> |
| Explanation for departure | : | |
| | | |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company values the importance of disseminating relevant and material information on the development of the Group to its shareholders and stakeholders in a timely and equitable manner.</p> <p>The Company's corporate website at www.mct.com.my serves as one (1) of the most convenient ways for the shareholders and members of the public to gain access to corporate information, announcements, quarterly results, annual reports, media releases, etc. There is also a section focusing on Corporate Governance that comprises the Company's Board Charter, Code of Ethics, Whistle-Blowing Policy, Terms of Reference of ARMC, NC and RC.</p> <p>The AGM is the principal forum for dialogue and interaction with all shareholders, who are given the opportunity to inquire and seek clarification on the Company's operations and financial performance. During the AGM, the Company presents to its shareholders the financials and operations reports of the Group.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 12.2

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

| | | | |
|--|---|--------------------------------------|--|
| Application | : | Not applicable – Not a Large Company | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company's 12th AGM was held on 1 September 2021 and its notice was issued on 29 July 2021, which is more than twenty-eight (28) days before the date of AGM.</p> <p>The notice of the 12th AGM was accessible by the shareholders via the Company and Bursa Securities websites. The above-mentioned AGM notice was also advertised in a widely circulated newspaper in Malaysia in the English language.</p> <p>The longer notice period given to the shareholders enables them to have sufficient time to consider all resolutions to be discussed at the AGM and make the necessary arrangement to attend and participate in the AGM either in person or through proxy/corporate representative.</p> <p>An explanatory statement was also included in the AGM notice for each of the proposed resolutions under the special business to facilitate a better understanding and evaluation of the issues involved. It also allows shareholders to make an informed decision in exercising their voting rights at the AGM.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 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.

| | | | |
|--|---|--|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | <p>The Company conducted its 12th AGM fully virtual via an online platform on 1 September 2021. Save for Mr. Jaime Alfonso Antonio Eder Zobel de Ayala; all Directors attended the 12th AGM.</p> <p>The Chairman encouraged shareholders to actively participate by submitting their questions via the Questions and Answers box. All questions were attended to accordingly.</p> <p>The Company published its summarised key matters discussed during the 12th AGM on the Company's corporate website, www.mct.com.my.</p> <p>The directors are aware of the importance of the General Meetings and contemplate making themselves available to attend all future General Meetings of the Company.</p> | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>As part of the initiatives to curb the spread of COVID-19, the Company conducted its 12th AGM on a fully virtual basis through an online platform and online remote voting by using Virtual Meeting Facilities (“VMF”), which complies with Section 327(2) of the Companies Act 2016 and Clause 59 of the Company’s Constitution.</p> <p>The Company appointed HMC Corporate Services Sdn Bhd (“HMC”) as the poll administrator to conduct the poll using online voting and Niche & Milestones International Sdn. Bhd. as the independent Scrutineers to verify the poll results.</p> <p>The administrative guide for the 12th AGM was issued to shareholders on 29 July 2021, and the same was published on the Company's corporate website, www.mct.com.my.</p> <p>With the VMF, shareholders and proxies exercise their rights to participate and vote during the 12th AGM.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 13.4

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

| | |
|--|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : Prior to the 12th AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or clicking on the link provided in the Administrative Guide. During the 12th AGM, the Chairman encouraged the shareholders to actively participate by submitting their questions in real-time via the Questions and Answers box. The CEO attended to all questions accordingly. During the 12th AGM, the CEO presented the financial performance, operations and long-term strategies of the Group. The Company published its summarised key matters discussed during the 12th AGM on the Company's corporate website, www.mct.com.my . |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

Practice 13.5

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

| | |
|--|--|
| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : All Directors and Senior Management engaged directly with shareholders of the Company during the 12th AGM. Prior to the AGM, the shareholders of the Company are allowed to submit any questions online by scanning the QR Code or clicking on the link provided in the Administrative Guide. During the AGM, the shareholders were encouraged to submit questions in real-time via the Q&A Box to encourage interactive participation from the Shareholders. The CEO address all questions accordingly. The Company had appointed HMC to provide a virtual meeting facility for the 12th AGM. The Board was satisfied with the virtual meeting facilities provided by HMC for the previous AGM held in the year 2020, therefore the Board had decided to engage the same service provider for the 12th AGM. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

Practice 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> | |
| Application | : Applied |
| Explanation on application of the practice | : Prior to implementing MCCG 2021, no minutes of the general meeting must be circulated to shareholders no later than 30 business days after the general meeting. However, the Company had made the summary of proceedings and key matters discussed during the 12th AGM available to the shareholders on its corporate website no later than 30 business days after the 12th AGM. Moving forward, the Company will ensure and upload the minutes of the forthcoming Thirteenth AGM in accordance with the Practice 13.6 of MCCG 2021. |
| Explanation for departure | : Please provide an explanation for the departure. |
| | : Please provide an alternative practice and explain how the alternative practice meets the intended outcome. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : Choose an item. |

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

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

Click or tap here to enter text.

