

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5186
COMPANY NAME : Malaysia Marine and Heavy Engineering Holdings 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.

Application	: Applied
Explanation on application of the practice	<p>Together with senior management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behaviour</p> <p>The Group has in place policies and procedures which promotes a culture of good governance and ethical, prudent and professional behaviour. Such policies include the Code of Conduct and Business Ethics for our Directors and staff and our procedures on Whistleblowing.</p> <p>Review, challenge and decide on management's proposals for the company and monitor its implementation by management</p> <p>The Board plays an active role in the development of the Group's strategic plans and direction. On an annual basis, together with the Group's Management Committee and Heads of Divisions, the Board conducts dedicated sessions to discuss its long-term strategic objectives. These 'deep dive' sessions provide an opportunity for the Board to engage in robust discussions with members of the senior management to deliberate, challenge and approve broad strategic proposals.</p> <p>Ensure that the strategic plan of the company supports the long-term value creation and includes strategies on the economic, environmental and social considerations underpinning sustainability</p> <p>The Board plays an active role in the development of the Company's strategies and business plan. A dedicated Special Board Meeting is held in the third quarter each year to give guidance or specific advice on the Company's strategic business objectives and Management's proposed strategic initiatives covering short-term, medium-term and long-term scenarios. Based on the guiding parameters provided by the Board and</p>

	<p>Board Committees and results obtained from comprehensive research on the macroenvironment as well as Company's internal capability, Management develops the Company's business plan and budget, as well as scorecard for the next financial year which are presented to the Board at a Special Board Meeting, held before the end of the year. During deliberation of the proposed business plans, budget and scorecard of the Company, the Board members will challenge Management's perspectives and assumptions applied in formulating the plan to ensure the best outcomes are achieved.</p> <p>The Board places emphasis on the formulation of short, medium and long term strategies to address the impact of the Group's business and operations on sustainability, particularly those affecting the economy, environment and society.</p> <p>Supervise and assess management performance to determine whether the business is being properly managed</p> <p>The Group's operations and performance are measured and tracked against a set of approved targets set in the Key Performance Indicators (KPIs) of Senior Management. KPIs are cascaded to all executive staff across the Group. At every quarterly Board meeting, the Management present the Company's business overview which encompasses each divisional performance, key operational issues and industry updates.</p> <p>Ensure there is a sound framework for internal controls and risk management</p> <p>The Group has put in place a systematic risk management framework adopted from PETRONAS Enterprise Risk Management (ERM) Framework to identify, evaluate and manage the principal risks of the Group and implement appropriate internal control systems to manage these risks.</p> <p>The Board, through the establishment of the Board Audit Committee (BAC) and Board Risk Committee (BRC), reviews the adequacy and integrity of the Group's internal control and risk management systems. Risk management is internally reviewed and monitored through the Risk Council (RC), a Management Committee. The RC is in turn accountable to the BRC.</p> <p>Understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks</p> <p>The RC regularly monitors and reviews the management of principal risks. The implementation of risk management activities is undertaken at the corporate and business units/subsidiaries level and also at the project level. In addition, risks that are deemed as material are reviewed and monitored by the Risk Management Department (RMD) at regular intervals prior to escalation to RC and BRC. Each appointed</p>
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	<p>risk owner and risk champion owns the responsibility for risk management activities in their specific department/unit to ensure consistent implementation of risk management processes across the Group.</p> <p>Set the risks appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks</p> <p>MHB's structured risk management process has adopted PETRONAS' ERM Framework which is aligned with ISO 31000. Risk registers are established at the business, operations units/subsidiaries and the project level. These risk registers are then analysed to identify the key risks (MHB Risk Profile) which could significantly impact the achievement of MHB strategies and objectives that may require Group-wide initiatives to mitigate. The detailed disclosures in relation to the above can be found in the Company's Integrated Annual Report 2023.</p> <p>MHB also has in place crisis management and business continuity management processes. Crisis management is an integrated process that aims to prepare the organization to respond and manage crises in a particular risk area, to protect people, environment, assets and reputation. Business continuity management aims to build the capability of the Group to recover and continue the operations of critical business functions in the event of disruption.</p> <p>Ensure that senior management has the necessary skills and experience and there are measures in place to provide the orderly succession of Board and senior management;</p> <p>Through the Nomination and Remuneration Committee ("NRC"), the Board implements and ensures effective and orderly succession planning is in place for both Directors and Senior Management of the Group including development plans of the MD & CEO and Senior Management. The NRC reviews the Group's Human Resource plan and strategy, which includes succession plans and bases their review of remuneration and hiring on competitive industry practices and meritocracy.</p> <p>Ensure that the company has in place procedures to enable effective communication with stakeholders;</p> <p>The Board takes cognizance of the importance of effective and timely communication with the Company's stakeholders.</p> <p>Further details on the Company's efforts on stakeholder communication can be referred to on pages 147 to 150 of the Sustainability Statement which is embedded in the Company's Integrated Annual Report.</p>
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	<p>Ensure that all its directors are able to understand financial statements and form a view on the information presented; and</p> <p>The Board members of the Company have an adequate understanding of the financial statements of the Company and are able to participate and contribute effectively in discussions on financial statements. As at 31 December 2023, one of the Board members, Ms Gladys Leong is a qualified accountant and member of the Malaysia Institute of Accountants.</p> <p>The Board members keep abreast with developments in financial and regulatory requirements by attending relevant training programmes internally or externally.</p> <p>Ensure the integrity of the company’s financial and non-financial reporting. Courts have held that it is the duty of every director to read the financial statement of the company and carefully consider whether what they disclose is consistent with the director’s own knowledge of the company’s affairs.</p> <p>The Board is assisted by the BAC in overseeing the Group’s financial reporting processes and the quality of said reporting. The BAC reviews the quarterly financial reports which are presented by the Chief Financial Officer in the presence of the Group Internal Auditor and the MD & CEO prior to recommending them for approval by the Board for the announcement to Bursa Malaysia Securities Berhad (Bursa Securities). The Directors have also provided assurance that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The role of the Chairman of the Board is to ensure effective conduct of the Board through the execution of the following:</p> <ul style="list-style-type: none"> • instilling good corporate governance practices, leadership and effectiveness of the Board; • setting the agenda for each Board meeting together with the Company Secretary and Managing Director & Chief Executive Officer (MD&CEO); • leading the Board and general meetings and discussions; • encouraging active participation and allowing dissenting views to be freely expressed; • leading the Board in setting and monitoring good corporate governance practices, values and standards in the Company; • maintaining a relationship of trust with and between the Executive Director (ED) and Non-Executive Directors (NEDs); • facilitating the effective contribution of NEDs and ensuring constructive relations be maintained between ED and NEDs; and • ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole. <p>Encik Mohammad Suhaimi Mohd Yasin has been appointed as the Chairman of the Company with effect from 16 October 2023 due to the retirement of YBhg Datuk Nasarudin Md Idris on 1 September 2023.</p> <p>The profile of Encik Mohammad Suhaimi Mohd Yasin as Chairman is available on page 152 of the Company's Integrated Annual Report.</p> <p>The Chairman's key responsibilities are set out in the MHB's Board Charter which is available on the website at www.mhb.com.my</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>		

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Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions, roles and responsibilities of the Chairman and CEO are held by two (2) different individuals.</p> <p>Encik Mohammad Suhaimi Mohd Yasin, an Independent Non-Executive Director (INED) is the Chairman of MHB whilst Encik Mohd Nazir Mohd Nor is the MD & CEO.</p> <p>The roles of the Chairman of the Board and MD & CEO are clearly stated in the Board Charter which is available on Company's corporate website at www.mhb.com.my</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

The 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	: The Chairman of the Board is neither a member nor permanent invitee of the Board Audit Committee (BAC), Nomination & Remuneration Committee (NRC) and Board Risk Committee (BRC). This provides check and balance and fostering objective review by the Board.
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 two (2) qualified Company Secretaries. Both Encik Shahrin Albakri Mustafa Albakri and Puan Haniza Sabaran are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretaries include but are not limited to the following:</p> <ul style="list-style-type: none"> • managing process for all Board and Board Committee meeting logistics, attend and record minutes of all Board and Board Committee meetings and facilitate Board communications; advising the Board on its roles and responsibilities; • facilitating the orientation of new Directors and assisting in Directors' training and development; • advising the Board on corporate disclosures and compliance in relation to the Companies Act 2016, securities regulations and listing requirements; • managing processes pertaining to the annual shareholders' meeting; • monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and • serving as the focal point for stakeholders' communication and engagement on corporate governance issues. <p>The Company Secretaries keep themselves abreast with regulatory changes and developments in corporate governance and the Main Market Listing Requirements (MMLR) of Bursa Securities, Malaysian Code on Corporate Governance, the Companies Act 2016 and any other rules and regulations through continuing education and professional training.</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>		

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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>Board papers containing information for each item on the agenda, are distributed to the Board members within a reasonable period prior to Board meetings to ensure that Directors have sufficient time to evaluate and review the proposals to facilitate better discussion and deliberation at the meetings. However, sensitive and highly confidential matters may be tabled at the meeting itself.</p> <p>As part of MHB's initiatives to reduce paper usage which is in line with MHB's cost optimisation exercise and ESG, access to Board papers is provided online through a collaborative software which eases the process of distribution of meeting papers and minimises leakage of sensitive information, as well as enabling the Directors to have access to the papers electronically, anytime and anywhere.</p> <p>Presentations and briefings by the Management and relevant external consultants, where applicable, are also held at Board meetings to provide further clarity to the Board. In this regard, the relevant information is furnished, and clarifications are given to assist the Board in making informed decisions.</p> <p>The Board's deliberations and decisions are properly recorded in minutes of the Board meetings and distributed by the Company Secretaries in a timely manner.</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

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's roles and responsibilities are documented in the Board Charter which reflects the corporate governance structure and practices of the MHB Group. The Charter also outlines, amongst others, the roles of the Board Committees, MD & CEO, Company Secretary, Board processes, Board functions and Board development and Gender Diversity Policy.</p> <p>The Board Charter is periodically reviewed to ensure its compliance and relevance to the prevailing laws, rules, regulations and best practices and to be consistent with the Board's objective.</p> <p>In addition, the matters reserved for the Board, MD & CEO and Management are set out in the Limits of Authority Manual (Version 2.0). The Board Charter is available on the website at www.mhb.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

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.

<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<p>: The Board is committed to a culture of integrity and ethics. MHB has in place a set of Code of Conduct and Business Ethics (CoBE), which includes among others the Whistleblowing Policy and the No Gift Policy. The CoBE is applicable to all Directors and employees within the Group as well as third parties performing works or services for and on behalf of the Company. It promotes the desired standard of behaviour and ethical conduct expected from each individual to whom the CoBE applies.</p> <p>Apart from the CoBE the Board has adopted the Anti-Bribery and Corruption Manual (ABC Manual). The ABC Manual explains the principles of anti-corruption and provides guidance to supplement the CoBE and is the basis on which the Company has established adequate procedures to prevent any person associated with the Group from engaging in such inappropriate conduct that may occur in the course of business.</p> <p>MHB is certified with ISO 37001:2016 Anti-Bribery Management System by SIRIM QAS International Sdn Bhd. ISO 37001 is designed to guide organisations to prevent, detect, respond to, and comply with laws, regulations, and other requirements, and to make voluntary commitments to combat bribery. It also provides the requirements and guidance for establishing, implementing, maintaining and improving an anti-bribery management system.</p> <p>The Board has established the Compliance Department whose roles and responsibilities include:-</p> <ul style="list-style-type: none"> • compliance and ethics function; • management of compliance and integrity related Policies & Manual; and • management of the ethical risk assessment.

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	The codes and policies are available on the website at www.mhb.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

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 Group has in place a Whistleblowing Policy to encourage transparent and ethical conduct within the Group. The main objectives of the Whistleblowing Policy are:</p> <ul style="list-style-type: none"> • To provide avenues for employees and members of the public to report improper conduct committed or about to be committed within MHB. • To assure the Whistleblower that protection will be accorded under the Policy provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the Whistleblower is mistaken as to the facts and the rules and procedures involved. • To provide a formal mechanism for action on all reports made. • To take necessary action of any matter of wrongdoing reported by other sources. <p>Improper conduct for the purposes of the Whistleblowing Policy includes but is not limited to fraud, bribery, abuse of power and conflict of interest.</p> <p>The BAC is presented with a summary of Whistleblowing cases on a quarterly basis.</p> <p>The Whistleblowing Policy is available on the website at www.mhb.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	:	

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Timeframe	:		
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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 MHB Sustainability Framework (“the Framework”) and governance structure outlines its strategic approach towards sustainability. It includes setting the Company’s sustainability strategies, priorities and targets.</p> <p>The Framework consists of five key sustainability pillars of Financial, Environment, Social, Governance and Stakeholder Engagement. Within each pillar, the Company has outlined its strategic priorities and implemented initiatives to achieve goals set therein.</p> <p>The Board together with Management acknowledge their responsibility in championing sustainability at MHB. The Board sits at the top of MHB’s sustainability governance structure. The sustainability oversight function is held by the BRC which reports to the Board. This structure enables the Board to exercise its purview over MHB’s sustainability matters effectively and consider sustainability in developing the Company’s strategies, business plans and risk management among others.</p> <p>The Management Committee (MC) reviews and recommends to the BRC, MHB’s sustainability commitment, pillars and strategic priorities. At the operational level, the MC approves initiatives in line with the Company’s sustainability commitment. The Sustainability Unit, headed by a Senior Manager, Sustainability that reports to the General Manager, Corporate Planning, Risk Management and Sustainability tracks the progress of sustainability initiatives and monitors MHB’s sustainability performance.</p> <p>MHB’s sustainability commitment is to deliver long-term shareholder value by operating safely, sustainably, and responsibly to sustain positive impacts for the environment and society.</p>

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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>MHB's Integrated Annual Report includes a Sustainability Statement which discloses the Company's sustainability strategies, priorities and targets as well as performance and it serves as the main communication tool of MHB's Sustainability to the internal and external stakeholders.</p> <p>MHB stakeholder engagement principles include collaborating with strategic partners, being transparent on its sustainability performance disclosures, seek feedback regularly, communicate effectively through identified platforms and promote sustainability awareness. MHB also actively communicates and promotes the sustainability programs with the employees through its internal communications channel.</p> <p>The Integrated Annual Report is available on the website at www.mhb.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

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	:	<p>In view to gain a better understanding of the sustainability issues relevant to MHB and its business, including climate-related risks and opportunities, the Board members have attended continuous training on sustainability issues covering the following areas:-</p> <ol style="list-style-type: none"> 1. Taskforce for Nature-related Finance Disclosure 2. Achieving Net Zero Through Internal Carbon Pricing 3. Energy Transition: Financing the Race to Net-Zero 4. New Considerations for Risk Assessment in the Era of Decarbonisation <p>The Board will continue engaging with subject matter experts (external and internal) to better understand sustainability risks and opportunities.</p> <p>All sustainability matters including climate-related risks and opportunities are being reported to Board and BRC on a quarterly basis.</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 4.4

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	:	Sustainability is addressed in the Board’s Key Performance Indicator (KPI) via the requirement to review and formulate strategies that address sustainability and stakeholder interests through internal policies. Senior Management’s performance in terms of sustainability is embedded in KPIs which forms part of the Company’s Scorecard 2023 vis-à-vis the KPI for Scope 1 & 2 carbon emission intensity reduction through 2030, Scope 3 Inventory, and implementation of decarbonisation initiatives.	
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 4.5- 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	:	MHB has a designated Sustainability Department headed by a Senior Manager, Sustainability that reports to the General Manager, Corporate Planning, Risk Management and Sustainability. This Department provides a dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Company.

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 Board of MHB has adopted the Step-Up Practice 5.3. This ensures that the Board is refreshed periodically.</p> <p>The NRC evaluates the effectiveness of the Board and Individual Directors annually. Concurrently, the NRC reviews the target skills needed for the Board’s effective decision making. Additionally, the NRC reviewed and proposed the annual re-election of the directors based on the annual directors’ evaluation.</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	:	In 2023, half of the Board comprises Independent Directors. According to the external consultant, based on the Board Evaluation Effectiveness conducted at the end of 2022, the present composition of the Board is effective and the Board believes that any new appointments should be based on merits and capability.
		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	:	The Board through the NRC will continue the search for suitable Independent Directors with the assistance from an independent recruitment firm.
Timeframe	:	Within 2 years

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

Intended Outcome

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

Practice 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	: Adopted
Explanation on adoption of the practice	: The policy which limits the tenure of its Independent Directors to nine (9) years is included in the MHB Board Charter. The Board Charter is available on the website at www.mhb.com.my

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 NRC is responsible for making recommendations to the Board for the appointment of Directors, re-election of retiring Directors at the Annual General Meeting and the appointment of senior management.</p> <p>In the selection and assessment of candidates for appointment or re-election of Directors and senior management, the NRC applied the fit and proper criteria and was satisfied with confirmation of character, experience, integrity, competence and time as outlined by Bursa Securities MMLR Para 2.20A. For Directors, the NRC Term of Reference (TOR) provides that the selection criteria must consider skill, knowledge, expertise, experience, integrity, and time to effectively discharge his or her role as a director. Apart from that, the NRC considers the incumbent's existing Board positions, including on Boards of non-listed companies.</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	:	In identifying candidates for appointment of Independent Directors, the Board accepts recommendations from existing Board members, Management or major shareholders. In addition, the Company has engaged independent recruitment firms as independent parties to source suitably qualified candidates for future Board appointments.	
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 Board has endorsed the NRC's recommendation for the re-appointment of a director, in 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 Company as a whole.</p> <p>The shareholders were given sufficient information about the directors who were standing for re-election (name, age, gender, working experience, whether they have any conflict of interest, directorship in other companies as well as details of any interest) in the AGM notice. The AGM notice also stated that the Board supports the re-election.</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	:	Encik Wan Yusoff Wan Hamat, an Independent Non-Executive Director is the Chairman of the NRC.	
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	:	As of 31 December 2023, MHB has one (1) woman director which represents 13% of the Board Composition.	
		The Board supports the philosophy of gender diversity and recognises the benefits it can bring, nevertheless, the Board believes that any new appointments should be based on merits and capability.	
		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	:	One of the criteria for the ongoing Board search is gender of the Candidate.	
Timeframe	:	Others	Please specify number of years.

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	:	The Board Diversity Policy is embedded in the Board Charter and available on the website at www.mhb.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

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	: <p>The performance of the Board, Board Committees and Individual Directors' is evaluated annually against the Board's Key Performance Indicators (KPIs), using a Performance Evaluation Sheet as a tool.</p> <p>The Board KPIs focus on achievements of measurable 'hard targets' based on three criteria, i.e. Board Structure, Board Operations and Board Roles and Responsibilities. Each Director is required to provide a rating with respect to the areas measured. The final ratings are then reviewed by the NRC and the Board.</p> <p>Individual Directors' Performance is assessed using the peer and self-evaluation method. Further details on the Board, Board Committees and Individual Directors' Performance Assessment may be referred to NRC Report from page 178 to 180 of the MHB'S Integrated Annual Report.</p> <p>As recommended under Practice 6.1 of MCCG 2021, the Board will consider the periodical engagement of an independent expert to undertake the Board's evaluation.</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	:

[Open]

Timeframe	:		
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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 policy for remuneration of its Non-Executive Directors is based on the PETRONAS Public Listed Non-Executive Directors' Remuneration Guidelines and Packages while the senior management's remuneration is based on salary bands reflective of industry standards.</p> <p>Further information on the above remuneration structure is set out in the Corporate Governance Overview Statement of the MHB's Integrated Annual Report 2023, which is available on the website at www.mhb.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

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 Remuneration Committee and its functions reside within the NRC of MHB.</p> <p>Among others, the NRC's primary responsibility is to consider and recommend to the Board, and to support the Board's responsibility in respect of, the remuneration policy for Directors, Senior Management and employees of the Company.</p> <p>The TOR of the NRC is available on the website at www.mhb.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 of the NEDs of MHB comprises Directors' Fees and Allowance, received by the respective NEDs of MHB on a named basis for the financial year ended 31 December 2023 is detailed in the MHB Integrated Annual Report 2023 of the Company under the Corporate Governance Overview Statement.</p> <p>The Directors' fees and meeting allowances for NINEDs who are employees of MISC Berhad (the Company's major shareholder) are paid directly to MISC.</p> <p>The MD & CEO's remuneration package comprise the following:-</p> <ol style="list-style-type: none"> i. Basic Salary The basic salary was recommended by the NRC and approved by the Board and is fixed for the duration of his contract. ii. Variable Bonus The bonus payable to the MD & CEO is measured against agreed targets and key performance indicators. iii. Benefits-in-Kind The MD & CEO is entitled to a company car.

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No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Nasarudin Md Idris <i>(retired w.e.f 1 September 2023)</i>	Independent Director	160,000	31,500	-	-	-	-	191,500	-	-	-	-	-	-	-
2	Mohammad Suhaimi Mohd Yasin <i>(appointed w.e.f 16 October 2023)</i>	Independent Director	49,032	7000	-	-	1,258	-	57,290	-	-	-	-	-	-	-
3	Gladys Leong	Independent Director	120,000	101,500	-	-	6,000	-	227,500	-	-	-	-	-	-	-
4	Keith Taylor	Independent Director	120,000	94,500	-	-	-	-	214,500	-	-	-	-	-	-	-
5	Wan Yusoff Wan Hamat	Independent Director	120,000	101,500	-	-	6,000	-	227,500	-	-	-	-	-	-	-
6	Captain Rajalingam Subramaniam	Non-Executive Non-Independent Director	120,000	45,500	-	-	-	-	165,500	-	-	-	-	-	-	-
7	Raja Azlan Shah Raja Azwa	Non-Executive Non-Independent Director	120,000	63,000	-	-	-	-	183,000	-	-	-	-	-	-	-
8	Ausmal Kardin	Non-Executive Non-Independent Director	120,000	101,500	-	-	-	-	221,500	-	-	-	-	-	-	-
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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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	:	MHB opts not to disclose the Senior Management's remuneration components (salary, bonus, benefits-in-kind and other emoluments) as it is not in the best interest of the Company and Senior Management personnel.	
		No alternative	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	At this juncture, MHB does not have any alternative plan to meet the intended outcome.	
Timeframe	:	Others	

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.

[Open]

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	:	

[Open]

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

[Open]

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	:	Ms Gladys Leong, Senior Independent Non-Executive Director is the Chairperson of the BAC and not the Chairman of the Board.	
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	:	The Audit Committee's TOR provides that a former partner of the external audit firm of MHB to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. The TOR of the BAC is available on the website at www.mhb.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

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>MHB has an established process for the Assessment of External Auditors.</p> <p>The assessment on suitability, objectivity and independence of the external auditors is carried out on an annual basis as provided in the TOR of the BAC.</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	:		

[Open]

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 :	

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 BAC members of MHB possess the necessary skills and experience in accounting, finance and other relevant fields of expertise. They are financially literate and able to understand matters under the purview of the BAC.</p> <p>The profiles of the BAC members and details of training attended by them are disclosed in the MHB Integrated Annual Report 2023 which is available on the website at www.mhb.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

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>MHB has adopted the PETRONAS Enterprise Risk Management (ERM) Framework to ensure all business risks are prudently identified, evaluated and managed in accordance with acceptable international standards, principles and guidelines on risk management. The Board further affirms its overall responsibility for reviewing the adequacy and integrity of the Group's risk management and internal control systems.</p> <p>The Board has delegated the responsibilities to BRC to oversee MHB's risk management framework, policy and practices. The BRC reviewed and evaluated MHB's risk profile on a quarterly basis to ensure risks are effectively monitored and managed. Project risk assessment is incorporated in large value bid proposal assessment to facilitate decision making by 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

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>MHB Group implements a systematic risk management framework as provided under Practice 10.1 which is adopted from the PETRONAS Enterprise Risk Management Framework to identify, evaluate and manage the Group's principal risks. The Board Risk Committee (BRC) together with support from the Risk Council have discharged their functions on the risk management and internal control framework.</p> <p>The Board Risk Committee (BRC) together with support from the Risk Council have discharged their functions on the risk management and internal control framework.</p> <p>The Board had disclosed the details in relation to the activities and risk management framework of the Company in the Statement of Risk Management and Internal Control on pages 187-195 of the MHB Integrated Annual Report 2023.</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 BRC, which oversees the Company's risk management framework and policies, consists of three (3) Non-Executive Directors with the majority of whom are Independent Non-Executive Directors. The details of the members of BRC are set out in the Integrated Annual Report 2023 under the BRC Report.</p> <p>The TOR of the BRC is available on the website at www.mhb.com.my</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 MHB Group Internal Audit (GIA), which reports directly to the BAC, performs scheduled approved audits and initiatives within the Group in order to evaluate and assess the effectiveness of risk management, internal control, governance processes and compliance procedures. The GIA also conducts additional assurance assignments, and special reviews arising from any potential irregularities upon request by the Management or the BAC.</p> <p>The BAC reviews, deliberates and endorses the annual audit plan and strategy including the scope of work and resources. Results of the audit engagement are presented and deliberated during quarterly BAC meetings. The Group focuses on disciplined execution of audit plans, submission of audit findings, recommendations on audit issues and close follow-up of the Agreed Corrective Actions (ACAs) which are encompassed in the audit reports. The GIA monitors the status of implementation of these ACAs through the Quarterly Audit Status Report which they will record and analyse. The consolidated reports are submitted and presented to the BAC for deliberations and endorsement on a quarterly basis. In addition, the BAC conducts half-yearly and yearly reviews and assessments on the adequacy of GIA's scope of work, functions and resources including its annual plan and strategy. The conduct of internal audit work is governed by the Internal Audit Charter and the Internal Audit Charter Memorandum.</p> <p>The activities carried out by the BAC of MHB in relation to internal audit functions during the year under review are set out in the Company's Integrated Annual Report 2023 under the BAC Report.</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	:	

[Open]

Timeframe :		
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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	:	The detailed disclosures in relation to the above Practice 11.2 can be referred to the BAC Report set out from pages 181 to 184 of the Company's Integrated Annual Report 2023.	
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 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board of MHB takes cognisance of the importance of effective, transparent and regular communication with the stakeholders.</p> <p>Further details on MHB's efforts on stakeholder communication can be referred to the Sustainability Statement which is embedded in the Integrated Annual Report. The Integrated Annual Report is available on the website at www.mhb.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 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	:	Applied	
Explanation on application of the practice	:	<p>MHB's Annual Report 2022 has already been prepared based on the Integrated reporting framework and recognised as an Integrated Annual Report.</p> <p>MHB's Integrated Annual Report 2023 will be further enhanced with reporting approach and disclosures in line with the Framework, a globally recognised framework. The Integrated Annual Report is available on the website at www.mhb.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

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	:	The notice of MHB's 34th AGM held on 13 April 2023 was issued on 14 March 2023, more than 28 days prior to the meeting.	
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	:	Applied	
Explanation on application of the practice	:	All MHB Directors have attended the 34th AGM in 2023 either from the broadcast venue or virtually. The Board endeavours to provide clear and meaningful responses to questions posed to them by shareholders at the 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 13.3

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>MHB had, on 13 April 2023 conducted its 34th AGM via the LUMI virtual meeting platform to facilitate remote participation and voting in absentia.</p> <p>Shareholders are encouraged to attend, participate, speak and vote at the company's general meetings. In view to encouraging participation of remote shareholders and ensuring cyber-hygiene at the virtual AGM, the company has in place the following measures:-</p> <ul style="list-style-type: none"> • Issued a comprehensive Administrative Notes as guidance to shareholders • Enabled electronic lodgement of Form of Proxy • Broadcasted the AGM proceeding via a web portal and mobile application • Addressed the Questions raised by the Minority Shareholders Watch Group (MSWG) and the responses at the AGM • Enabled questions from shareholders to be submitted through the virtual AGM platform or via email • The MD & CEO presented the business and financial highlights prior to the AGM proceedings and responded to the questions received from shareholders wherein the compilation of questions and answers is available on the website at www.mhb.com.my
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	:	

[Open]

Timeframe	:		
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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.

<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	: <p>The Chairman has successfully created a meaningful engagement between the Board, Senior Management and Shareholders throughout 34th AGM.</p> <p>The general meeting started with the briefing on Company's financial performance, projects delivery status and a brief on Company's long term strategies.</p> <p>The Shareholders were welcomed to pose questions to the Board and Senior Management relating to the 34th AGM matters or the Company either via the Investor Relation platform or posting it on the day of the AGM itself. The Board provided clear and meaningful responses to questions posed to them by shareholders at the AGM. The questions posed by the Shareholders and the answers provided by the Board and Senior Management during the AGM were uploaded to MHB's website.</p> <p>The questions submitted by the MSWG together with MHB's responses were also presented during the 34th AGM and is available on the website at www.mhb.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

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	: MHB had, on 13 April 2023 conducted its 34th AGM via the LUMI virtual meeting platform to facilitate shareholders' remote participation and voting in absentia. The LUMI platform is accessible to all shareholders and allows active participation/engagement of shareholders with the Board of Directors and Senior Management. At the 34th AGM, MHB made shareholders' questions visible to all meeting participants.
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	: The Minutes of the 34th Annual General Meeting which was held on 13 April 2023 was uploaded in the MHB Website within 30 business days.
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	:

[Open]

**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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