

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9571
COMPANY NAME : MITRAJAYA HOLDINGS BERAHD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 assumes responsibility of the Company's leadership and directs as well as supervise the management of the business units and affairs of the Company and the subsidiaries ("the Group").</p> <p>The Group has in place policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital.</p> <p>The Board monitors the performance of Management through the quarterly operational report and decides on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.</p> <p>In the normal course of events, day to day management of the Company will be in the hands of Management and under the stewardship of the Group Managing Director (GMD).</p> <p>The Board has delegated specific responsibilities to the Audit Committee and the Nomination and Remuneration Committee. These Committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.</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

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 Chairman is principally responsible for the working of the Board which include: -</p> <ul style="list-style-type: none">• Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.• Participating in the selection of Board members and ensuring that the membership is properly balanced.• Setting agenda for Board meetings, usually in conjunction with the MD and Secretary. The Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to enable the papers to be adequately considered before the meeting.• Chairing meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director.• Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.• Monitoring and evaluating the individual performance of Directors and the Board as a whole.• Ensure the Company provides an orientation and education program for new directors.• Initiating, normally in conjunction with the MD, the formulation of a business plan to ensure that the Board establishes at the beginning of each year the goals it wishes to achieve and the means by which this will be carried out.• Initiating the establishment of Board Committees and ensuring that they achieve their objectives.• Fastening high corporate governance.
	:	

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	:	There is a clear division of responsibility at the head of the Company to ensure that there is a balance of power and authority. The Board is led by Independent Non-Executive Chairman, General Tan Sri Ismail Bin Hassan (R) and Mr Tan Eng Piow, as the Group Managing Director who is in charge of running the business and implementing the policies and strategies adopted 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 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary is a Fellow Member of the Malaysian Institution of Chartered Secretaries and Administrators (MAICSA) and has more than 30 years of experience in handling corporate secretarial matters in the profession and the corporate sector. She is qualified to hold the position under Section 235 (2) of the Companies Act 2016.</p> <p>Every Director has access to the advice and services of the Company Secretary. The Board believes that the Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board and the terms of appointment of the Company Secretary permits her removal and appointment of a successor only by the Board as a whole.</p> <p>The Directors are also regularly updated and advised by the Company Secretary on new statutory and regulatory requirements relating to the discharge of their duties and responsibilities, including amendments to the Listing Requirements by Bursa Securities. The Company Secretary attends all Board and other Board Committees' meetings and ensures that accurate and proper records of the proceedings of Board and other Board Committees' meetings, and their resolutions passed are kept.</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 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman ensures that each Director is provided with timely notices of every Board Meeting and board papers for each agenda item. For scheduled meetings, the notices and board papers are sent to the Directors 7 days prior to the meetings. This is to ensure that Directors have sufficient time to prepare for discussions, and to obtain further explanation or clarification to facilitate the decision process and discharge of their duties. The Board has unrestricted access to timely and accurate information in the furtherance of its duties.	
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 is the key point of reference for the Directors of the Board in relation to its role, powers, duties and functions and there is also a formal schedule of matters reserved for its decision. MHB is led and managed by a competent Board, comprising members with a wide range of experience, knowledge and skills in relevant fields such as engineering, architectural, construction and finance. Together, the Directors contribute to successfully direct and supervise the Group's business activities, which are vital to the success of the Group and the enhancement of long-term shareholders' value.</p> <p>The Board's main duties include regular oversight of the Group's business operations and financial performance and ensuring that the infrastructure, internal controls, and risk management processes are firmly in place to assess and manage business risks, inter-alia, operational, credit, market and liquidity risks.</p> <p>The Board has formalised these duties into the Board Charter under paragraph 3.1 of the Board Charter.</p> <p>The Board Charter was last revised in March 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 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 Company has formalised a Code of Business Conduct and Ethics (the "Code") for members of the Board of Directors and this is published on the Company's website at https://www.mitrajaya.com.my.</p> <p>This Code is intended to focus on area of ethical risk, provide guidance to directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honest and accountability.</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 Whistleblowing Policy & Procedure (“Policy”) was adopted by the Board on 28 May 2019 and is made available on the Company’s website at https://www.mitrajaya.com.my. This Policy is to provide a framework to promote responsible and secure whistleblowing without fear of adverse consequences.</p> <p>The Company does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by staff in the course of their work.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company is not a Large Company. There are eight (8) Board of Director of the Company, out of which four (4) are Independent Non-Executive Directors, making 50% of the composition of the Board.</p> <p>The Board is expected to be active and responsible fiduciaries in the exercise of their oversight responsibilities and therefore it is essential for the Company to be able to rely on the independent judgement of the Board, to be objective and to be able to evaluate the performance of the Company without any conflict of interest or undue influence from interested parties. It is for this reason that for the past 10 years, the Company has had a majority of Independent Directors on the Board and the Chairman is also an Independent 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 4.2

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Independent Non-Executive Directors participate at the Board Meetings and also contribute in Board Committees that have been set up as part of the practice of good corporate governance within the Company. They provide an objective and independent view of the performance of management in attempting to achieve the results to which the strategy of the Company is directed. The Board has upon their assessment, concluded that each of the four (4) Independent Non-Executive Directors continues to demonstrate conduct and behavior that are essential indicators of independence and find that their length of service does not in any way interfere with their exercise of independent judgement and ability to act in the interest of the Company.</p> <p>The Board not only considered the state of mind of the long-serving Independent Directors but also focused on their background, current professional activities, economic and family relationships. The assessment also took into account that they have performed their duties without being subject to the influence of Management. The quantitative aspects of independence were dealt with under the Listing Requirements and for the qualitative aspects, the Board took into consideration various factors including character, values, and skills of the individual director.</p> <p>The Board had in 2020 assessed the independence of these directors and viewed that there was no need to limit their tenure.</p>

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee annually review the composition of the continuing members of the Board and Board committee and make recommendation(s) to the Board for any new appointment to the Board or Board committees when necessary. The Board then determines whether or not to approve the recommendation of the new appointment.</p> <p>The Committee viewed that the composition of the Board brings to the Group a diverse wealth of skills, knowledge as well as a balanced mix of experience and expertise to effectively discharge the Board's responsibilities for competent stewardship of the Group.</p> <p>The Committee also took note that the recommendation of the Malaysian Code on Corporate Governance on the establishment of a policy formalising its approach to boardroom diversity. With the appointment of the women directors, Ms Cho Wai Ling and Ms Tan Mei Yin to the Board, the Company has taken into account the diversity but agreed that the establishment of a policy may not be required at this juncture considering the nature of the business of the Group. However, based on the current matrix of skills, the Committee viewed that the Board has the right mix of skills and experience to ensure it is effective and can optimise performance and strategy of 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

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

Practice 4.5

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company is not a Large Company. At the Board meeting on 27 February 2020, the Board re-visited the need for application of Practice 4.5 in respect to the disclosure in the Company's annual report, the Company's policies on gender diversity, its targets and measures to meet the 30% quota being a Large Company. The Nomination and Remuneration Committee had agreed that the gender diversity should be applied and proposed that the Board set a timeline of 5 years to appoint another woman director to the Board to meet the 30% quota.</p> <p>During the financial year 2020, the target was achieved as the Company appointed an additional women director and the composition of women director represent 25% of the Board as at the end of 2020.</p> <p>The Board at its discussion on 24 August 2020 noted:</p> <ul style="list-style-type: none">• The gender diversity has already been in practice in the workplace and the appointment of Ms Cho Wai Ling and Ms Tan Mei Yin to the Board was in recognition of their contribution to the Group and also the value a lady members of the Board could bring to the Board's discussions.• Most members of the Board hold the view that the criteria for appointment of a Director should be based on the skills, experience and the contribution which the candidate can bring to the Company and not merely on gender.• The evaluation of the suitability of candidates of the Board should also be based on candidate's competency, character, time commitment, integrity and experience in meeting the needs of the Company.• Having female board members can help manage gender-based opportunities and challenges and they can also add value to the Company's policies and practices, providing perspectives from women for women in the workplace.

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

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Selection of candidates for appointment of new Directors may be recommended by Directors, Management and shareholders. The Board is also open and may seek external independent sources to identify suitably qualified candidates.</p> <p>The Nomination Committee propose new nominees for appointment to the Board. In making the recommendations, the NRC shall consider the candidates skills, knowledge, expertise and experience.</p> <p>For 2020, the Management had proposed the promotion of Ms Tan Mei Yin as Executive Director 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

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Nomination and Remuneration Committee is chaired by Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, an Independent Non-Executive Director.</p> <p>The terms of reference of the Nomination and Remuneration Committee also sets out that the Chairman of the Nomination and Remuneration Committee is to be an Independent Non-Executive 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

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In the financial year, the Nomination and Remuneration Committee completed the matrix of skills of each Director based on their core competencies and found that the Executive Directors have the adequate knowledge, skills and commercial experience in running and leading the construction and property development operations whilst the Independent Directors with their knowledge, skills and experience from both related and other business fields are able to provide the necessary oversight duties and the development of the company's strategy.</p> <p>The Committee viewed that the Board with their different background and specialisation, collectively bring with them a wide range of experience and expertise in areas such as engineering, finance, general management, economics, marketing, safety & health, public relations and operations.</p> <p>On the assessment on the effectiveness of the Board as a whole, the Committee viewed that the Board has overall achieved high level of compliances in the areas of Board Functions, Board Meetings, induction, development, succession and dismissal, board structure and communication.</p> <p>The Committee viewed that all the Directors have good personal attributes and possessed sufficient experience and knowledge in various fields that are vital to the Company's industry and have discharged their stewardship duties and responsibility satisfactorily.</p> <p>At the present moment, the Board view that the cost for the engagement at independent experts would not benefit the Company as an operating entity.</p>

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

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The remuneration policy for Directors is reviewed by the Nomination and Remuneration Committee prior to making its recommendations to the Board for approval.</p> <p>The Board as a whole shall determine the Non-Executive Directors' fees with the individual concerned abstaining from deliberations and voting on discussions in respect of his fee. The level of Directors' fees shall reflect the experience and responsibilities undertaken by the particular Non-Executive 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

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee is entrusted under its terms of reference to assist the Board in determining the framework of Executive Director's remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary. The Nomination and Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully.</p> <p>The terms of reference of the Nomination and Remuneration Committee is disclosed on the Company's website.</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

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board as a whole shall determine the Non-Executive Directors’ fees with the individual concerned abstaining from deliberations and voting on discussions in respect of his fee. The level of Directors’ fees shall reflect the experience and responsibilities undertaken by the particular Non-Executive Director.</p> <p>The breakdown of the remuneration of the Directors in the Group and Company during the financial year is set out in the Annual Report 2020.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The remuneration of the top five (5) Senior Management of the Group (excluding Executive Directors) for financial year 2020 is RM2,516,605 and represents 6.10 % of the total staff cost of the Group.	
	:	The disclosure is made on an aggregate basis as the Board opines that the disclosure of the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board and Audit Committee is held by different individual. The Board is led by Independent Non-Executive Chairman, General Tan Sri Ismail Bin Hassan (R) and Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim is the Chairman of Audit Committee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has since its listing not appointed any former key audit partner onto its 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 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has a policy to assess and monitor the performances and independence of External Auditors.</p> <p>The policy covers selection and appointment, independence, conflict of interest, non-audit services, rotation of lead engagement partner, annual assessment and audit fees. The External Auditors do provide their written assurance of their independence annually. Based on the assessment conducted by the Audit Committee, the Board is satisfied that the quality of service, adequacy of resources provided, communication, independence and a professionalism demonstrated by the External Auditors in carrying out their function.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee comprises of four (4) members, all of whom are Independent Non-Executive Directors. The current members of the Audit Committee are as follow:-</p> <p>Chairman -Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim</p> <p>Members -General Tan Sri Ismail Bin Hassan (R) -Ir Zakaria Bin Nanyan -Mr Roland Kenneth Selvanayagam</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee members possess a wide range of skills to discharge their duties and their profiles are set out in the Annual Report. One of the Audit Committee Member, namely Mr Roland Kenneth Selvanayagam is a member of the Malaysian Institute of Accountants.</p> <p>All the Audit Committee attend trainings to continuously keep themselves updated on development on financial standards, practices and new rules.</p> <p>All the members of the Audit Committee constantly undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The External Auditors presented an overview on the key changes the latest applicable accounting standards on 25 November 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate risk and control framework as well as the review of its effectiveness, adequacy and integrity to safeguard shareholders' investments and the Group's asset.</p> <p>The Group has a risk management framework, which includes a risk management assessment process to identify significant risks and the mitigating measures thereof. The framework also addresses the specific risk profiles of each business division and the key functional unit identifies within the Group. Such system is however, designed to manage, rather than eliminate, the risk of failure to achieve business and corporate objectives. The system can therefore only provide reasonable, but not absolute assurance, against material misstatement or loss.</p> <p>There is an on-going process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The Board annually reviews the results of this process for each business segment on cycle basis, including measures taken by Management to address areas of key risks as this Statement.</p> <p>Further details are set out in the Statement of Risk management and Internal Controls in the Annual Report 2020.</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

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The general features of the Group's system of internal controls are as follows:-</p> <ul style="list-style-type: none">▪ Organisation structure and limits of authority▪ Written policies and procedures▪ Planning, monitoring and reporting▪ International Standards Certification▪ Related Party Transactions <p>Further details are set out in the Statement of Risk management and Internal Controls in the Annual Report 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional services firm, as part of its effort to ensure that the Group's system of internal controls is adequate and effective. The internal audit function assists the Board and Audit Committee in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls. The internal audit function reports directly to the Audit Committee.</p> <p>The Audit Committee annually assess the performance of the services of the internal audit service provider.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function is outsourced to an independent professional audit firm which report directly to the Audit Committee. None of the internal audit personnel are in any relationships or conflicts of interest with the Company, which could impair their objectivity and independence.</p> <p>A team of 7 personnel is assigned to serving the Company. The team is led by Dato' Josephine Low, the Director of Risk and Governance Advisory. She is a Certified Internal Auditor, Certified Information System Auditors and Certified Fraud Examiner with accumulated over 20 years of experience in a wide range of governance advisory, risk and internal audit work.</p> <p>The internal audit function is carried out based on the Outsourced Internal Auditor's own internal audit approach, which is closely consistent with the International Professional Practices Framework (IPPF) of the Institute of the International Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance for shareholders to be informed of all key issues and major development affecting the Company. The dissemination of the information to shareholders and other stakeholders of the Company are made through the following:-</p> <ul style="list-style-type: none">▪ The Annual Report;▪ The Annual General Meeting;▪ The various disclosures and announcements made to the Bursa Securities including the Quarterly Financial Results and Annual Financial Statement; and▪ The Company's website, www.mitrajaya.com.my. <p>Briefings are held with analysts to clarify information in relation to the announcements. Dialogues with institutional investors and the press are held from time to time.</p> <p>The Company has in place an Investor Relations Policy to ensure that shareholders, stakeholders, investors and the investment community are provided with relevant, timely and comprehensive information about the Company. This policy provides the guidance for communication through its designated spokespersons.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a Large Company. The Board is aware the efficiency of adopting Integrated Reporting based on a globally recognized framework which includes greater clarity on business issues and performance, more integrated thinking and management and more efficient reporting for both the users and preparers of reports.	
		The present framework of the presentation of the Company’s annual report does address business issues and performance through the Management Discussion and Analysis and the Sustainability Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Notice of AGM was issued on 10 June 2020 and the AGM was held on 9 July 2020 with more than 28 days notice to the shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All of the 7 Mitrajaya Directors were present in person to attend the last AGM held on 9 July 2020. The Chairman of the Board, Audit Committee, as well as Nomination and Remuneration Committee attended 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 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board views that the cost involved in having additional meeting venues for shareholders to participate through electronic means would not benefit the Company as an operating entity.</p> <p>Shareholders have the opportunity to participate at General Meetings through their proxies. They may also raise question by posting them to investors@mitrajaya.com.my.</p> <p>The Board will not consider the additional meeting venue unless the cost of such participation becomes affordable to the Company or where the Company is legally prohibited to hold physical General Meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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