

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LETTER FROM THE CHAIRMAN

On behalf of the Board of Directors,
I am pleased to present this year's Corporate
Governance Overview Statement.

**As Chairman,
I once again reiterate my
unwavering commitment
in ensuring that the highest
standards of governance are
maintained throughout
the Group.**

**TAN SRI
AZLAN ZAINOL**



In ensuring the long-term success and the delivery of sustainable value for all our stakeholders, it is imperative that good corporate governance and sound ethical behavior are embedded in our culture and values, with the tone being set from the top. Good corporate governance builds the foundation for investor, client, workforce and public confidence.

The Board is responsible for setting the overall strategy for the Group. In order to meet its strategic objectives, it is imperative that an effective governance structure is put in place. Hence, the Group views corporate governance as an integral part of the Group's business strategy and has established a solid corporate governance framework towards this end. Our corporate governance framework, which is set out below, is vital in contributing towards our growth and in driving long-term sustainability.

OUR CORPORATE GOVERNANCE FRAMEWORK

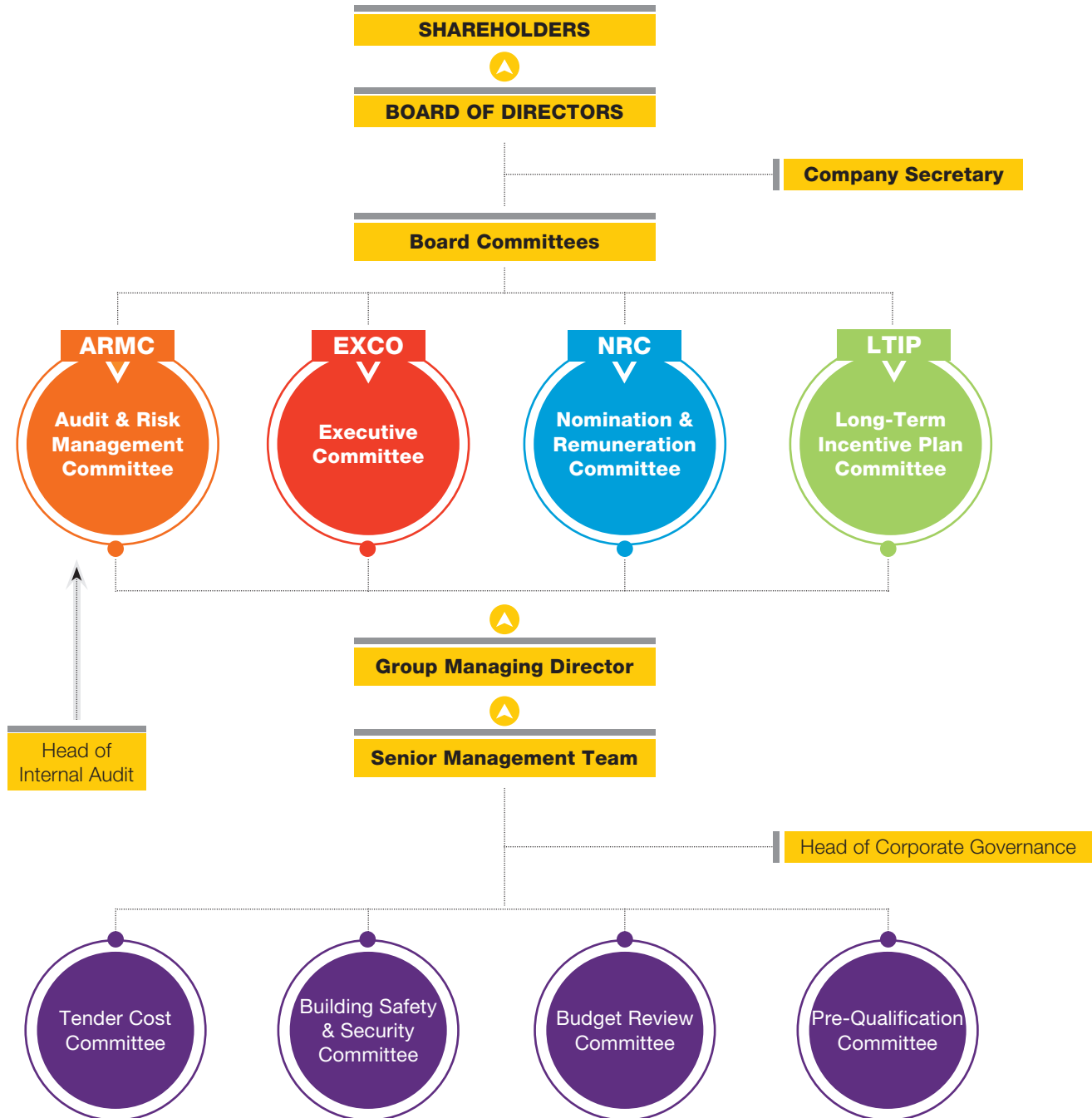
Our governance framework encompasses a robust decision-making process and a clear framework within which decisions can be made. This is achieved via our delegated authority framework, which ensures that decisions are taken by the right people, at the right level and that there is clear accountability up to the Board. Through the governance framework, the Board is then able to assess whether we are making decisions in the right way, with the right considerations underpinning them.

THE BOARD IS COLLECTIVELY RESPONSIBLE FOR THE PERFORMANCE OF THE GROUP, AND IT IS MY ROLE TO PROVIDE LEADERSHIP TO THE BOARD TO ENABLE IT TO DISCHARGE ITS RESPONSIBILITY.

The Board is supported by various Board Committees which considers matters relating to the Group's governance on behalf of the Board. Each Board Committee has specific authorities and responsibilities with clear Terms of References to assist the Board in discharging its duties and responsibilities effectively. The Board retains the ultimate responsibility for decisions made by the Board Committees. The Board reserves certain key matters to itself for approval, such as the strategic plan, annual business plan and budget and Limits of Authority, and delegates responsibility for the day-to-day operations of the business to the Group Managing Director, who is assisted by the Senior Management team. In addition, there are various management committees to assist the Senior Management team in its decision making process. The following diagram depicts the governance framework of the Group.

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CORPORATE GOVERNANCE FRAMEWORK



Complementing efforts to strengthen our governance is our advocacy of human rights across the Group. We respect human rights and are committed to ensuring our activities are governed by human rights and anti-slavery principles, regulations, laws, best industry practices and standards throughout our business operations and value chains. Our commitment to human rights is embedded and supported by various policies and processes within our business. Our Environmental, Safety and Health Guidelines is an example of our continuing efforts in safeguarding human rights. We also provide channels for our internal stakeholders, through MRCB's Human Resources Portal to submit grievances.

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Our Corporate Governance Practices

The Group's corporate governance practices are based on the requirements of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance (MCCG), and guided by other best practices and standards such as those outlined in the ASEAN Corporate Governance Scorecard.

This Corporate Governance Overview Statement provides an outline as to how the Group has applied the principles and complied with the requirements set out in the MCCG throughout the financial year ended 31st December 2018.

We have applied all the Practices in the MCCG except the following:

- Practice 4.5 on the percentage of women directors on the Board;
- Practice 6.1 on policies and procedures to determine the remuneration of directors and senior management;
- Practice 11.2 on the adoption of integrated reporting;
- Practice 12.2 on attendance of all directors at General Meetings; and
- Practice 12.3 on leveraging technology to facilitate including voting in absentia and remote shareholders' participation at General Meetings.

With regards to Practice 4.5 on the percentage of women directors on the Board, we are now much closer to achieving the target of 30%, with the percentage of women directors on our Board currently at 29%, compared to 25% in the previous year.

In addition, we have adopted all the Step-up Practices in the MCCG except the following:

- Step-up Practice 7.3 on the full disclosure of the detailed remuneration of each member of Senior Management on a named basis; and
- Step-up Practice 8.4 on the composition of the Audit Committee.

However, Step-up Practice 8.4 on the composition of the Audit Committee was subsequently adopted on 12th January 2019, with the appointment of To' Puan Janet Looi Lai Heng, an Independent Director, to the Audit & Risk Management Committee, replacing Rohaya Mohammad Yusof, a Non-Independent Director.

The application of each of the Practices under the MCCG is explained in detail in the Corporate Governance Report. This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report which is available on MRCB's website, www.mrcb.com.my/corporate-governance/

This Corporate Governance Overview Statement is prepared based on the following principles set out in the MCCG:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The leadership of MRCB is driven by the Board. The Board is responsible for setting the strategic direction of the Group, while exercising oversight on management. The Group's strategy is a key matter reserved for the Board's deliberation and decision. The Board is also responsible for establishing a succession plan and reviewing the adequacy of the management information and internal control systems of the Group, among others. The Board is guided by a Charter. The Board Charter sets out the principal role of the Board and the functions, responsibilities and powers of the Board and its various committees, including a schedule of matters reserved for the Board. The Board Charter is published on the Company's website, www.mrcb.com.

ROLES AND RESPONSIBILITIES OF THE BOARD

ROLES OF THE BOARD

The Board oversees the business and affairs of the Group and has amongst others, the following duties and responsibilities:

- reviewing and approving the overall strategic plans and direction of the Group and Company;
- overseeing and evaluating the conduct and performance of the Group and Company;
- identifying key risks and ensuring implementation of a proper risk management system;
- establishing a succession plan;
- overseeing the development and implementation of a shareholder communication policy for the Group and Company; and
- reviewing the adequacy and the integrity of the management information and internal controls system of the Group and Company.

The following matters are reserved for the Board to determine and/or approve (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management):

- corporate plans and programmes;
- annual budgets, including major capital commitments;
- new ventures;
- material acquisitions and disposals of undertakings and assets;
- changes to the management and control structure within the Company and its subsidiaries.

CODE OF BUSINESS ETHICS (CODE)

The Directors are expected to conduct themselves with the highest ethical standards. All Directors are expected to behave ethically and professionally at all times and protect and promote the reputation and performance of the Group.

All Directors of the Group are given a copy of the Directors' Manual, Executive Handbook and the Code upon their appointment, and are required to acknowledge having read and understood the Code. Compliance with the provisions in these documents is deemed to be part of the terms and conditions of their service. The Executive Handbook and Code set out the expected standards of conduct and behaviour when dealing with external customers, suppliers and conflict of interest situations, and preserving the confidentiality of company information.

WHISTLEBLOWING

The Group has a Whistleblowing Policy which also covers members of the Board, with designated independent personnel being identified to receive the reports in a confidential manner. The policy underscores the Group's commitment to developing a culture of openness and honesty, where a person who is aware of a potential malpractice or misconduct is encouraged to report such matters in good faith, without fear of reprisal.

CONFLICT OF INTEREST

The Directors are required to act in the best interest of the Group. The Directors also have a duty of confidentiality in relation to the Group's confidential information.

A Director should disclose to the Board:

- any material personal interest he/she has in a matter which relates to the affairs of the Group; and
- any other interest (direct or indirect) which he/she believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as practicable, after the Director becomes aware of his/her interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure. Interested Directors abstain from all Board deliberations and voting with regards to matters in which they have an interest.

POWERS DELEGATED TO MANAGEMENT

The Board delegates to the Group Managing Director, the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The Group Managing Director may delegate aspects of his authority and power, but remains accountable to the Board for the Group's performance and is required to report regularly to the Board on the progress being made by the Group's business units.

In order to enhance the accountability of the Board and Senior Management, the Group has in place Limits of Authority approved by the Board which sets out the limits of transactions that each level of Management can approve, and transactions that need to be approved by the Board or Board Committees. The Limits of Authority is revised as and when required, with the last revision being in November 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD ACCESS TO INFORMATION

In the course of discharging their duties, the Directors have:

- i. Full and unrestricted access to timely and accurate information. The agenda and a full set of Board papers are typically distributed at least 5 days before the Board or its Committee meetings. This process ensures that the Directors have sufficient time to review, consider, and if necessary, obtain further information on the matters to be discussed, and thus be properly briefed and prepared during the meetings;
- ii. Unrestricted access to the advice and services of the Company Secretary and Senior Management; and
- iii. Unrestricted advice and services of external and independent professionals, made available to Board members individually and collectively. Such advice and services are made available independent of Management's intervention.

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators and has the requisite experience to provide unhindered advice to the Board to ensure its effective functioning and compliance with regulatory requirements.

Our Corporate Governance Department plays a critical role in inculcating sound corporate governance practices, including taking necessary steps to ensure compliance to the Malaysian Code on Corporate Governance (MCCG) and adherence to related best practices. The Corporate Governance Department works closely with the Company Secretarial Department, which plays an advisory role to the Board, and highlights gaps between corporate governance standards and corporate governance practices within the Group, for direction as well as decisions on proposed action plans. Implementation of action plans agreed by the Board are monitored to ensure meaningful application of good governance practices.

SEPARATION OF POWER BETWEEN THE BOARD AND MANAGEMENT

The responsibilities of the Independent Chairman, Group Managing Director, Senior Independent Director, Independent Directors, Non-Independent Non-Executive Directors and Company Secretary are outlined in the Board Charter, which is published on the Company's website, www.mrcb.com.

Board Committees

The Board from time to time establishes committees as it considers appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following Committees to assist in the execution of its responsibilities:

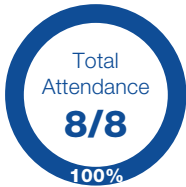
- Executive Committee (EXCO)
- Audit & Risk Management Committee (ARMC)
- Nomination & Remuneration Committee (NRC)
- Long-Term Incentive Plan Committee (LTIP)

The Committees operate under clearly defined Terms of Reference. The Committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their Terms of Reference. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings, and the minutes will be included in the Board Papers for the Board's notification.

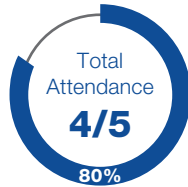
CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD OF DIRECTORS

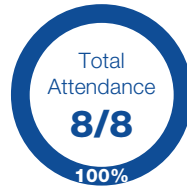
**TAN SRI
AZLAN
ZAINOL**



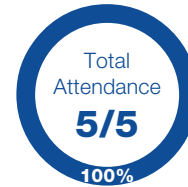
**TAN SRI
MOHAMAD
SALIM FATEH DIN¹**



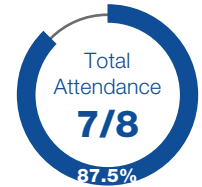
**MOHD IMRAN
MOHAMAD
SALIM**



**DATUK
SHAHRIL RIDZA
RIDZUAN²**



**JAMALUDIN
ZAKARIA**



ARMC

AUDIT & RISK MANAGEMENT COMMITTEE

The ARMC comprises three (3) members as below:

Chairman:

HASMAN YUSRI YUSOFF

Attendance 5/5 (100%)

Members:

JAMALUDIN ZAKARIA

Attendance 5/5 (100%)

ROHAYA MOHAMMAD YUSOF

Attendance 5/5 (100%)

Note:

On 12th January 2019, To' Puan Janet Looi Lai Heng was appointed to the ARMC and Rohaya Mohammad Yusof resigned from the ARMC.

Refer to the Audit & Risk Management Committee Report on page 112.

EXCO

EXECUTIVE COMMITTEE

The EXCO comprises four (4) members as below:

Chairman:

DATO' MOHAMAD NASIR AB LATIF

(Appointed on 24th August 2018)

Attendance 1/1 (100%)

DATUK SHAHRIL RIDZA RIDZUAN

(Resigned on 20th August 2018)

Attendance 1/1 (100%)

Members:

TAN SRI MOHAMAD SALIM FATEH DIN

(Retired on 2nd July 2018)

Attendance 1/1 (100%)

MOHD IMRAN MOHAMAD SALIM

(Appointed on 26th July 2018)

Attendance 1/1 (100%)

JAMALUDIN ZAKARIA

Attendance 2/2 (100%)

TO' PUAN JANET LOOI LAI HENG

(Appointed on 24th August 2018)

Attendance 1/1 (100%)

Refer to the Executive Committee Report on page 115.

Note:

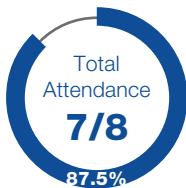
¹ Retired on 2nd July 2018

² Resigned on 20th August 2018

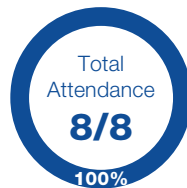
³ Appointed on 24th August 2018

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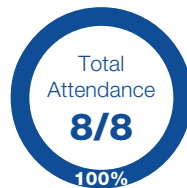
**ROHAYA
MOHAMMAD
YUSOF**



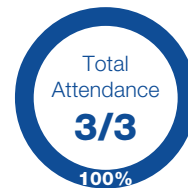
**HASMAN
YUSRI
YUSOFF**



**TO' PUAN
JANET
LOOI LAI HENG**



**DATO'
MOHAMAD
NASIR AB LATIF³**



OVERALL
PERCENTAGE OF ALL
BOARD MEETINGS
ATTENDED BY DIRECTORS

95%

NRC

NOMINATION & REMUNERATION COMMITTEE

The NRC comprises four (4) members as below:

Chairman:

JAMALUDIN ZAKARIA

Attendance 4/4 (100%)

Members:

ROHAYA MOHAMMAD YUSOF

Attendance 4/4 (100%)

HASMAN YUSRI YUSOFF

Attendance 4/4 (100%)

TO' PUAN JANET LOOI LAI HENG

(Appointed on 30th May 2018)

Attendance 1/1 (100%)

Refer to the Nomination & Remuneration Committee Report on page 116.

LTIP

LONG-TERM INCENTIVE PLAN COMMITTEE

The LTIP Committee comprises three (3) members as below:

Chairman:

JAMALUDIN ZAKARIA

(Resigned on 30th May 2018)

DATO' MOHAMAD NASIR AB LATIF

(Appointed on 24th August 2018)

Attendance 1/1 (100%)

Members:

MOHD IMRAN MOHAMAD SALIM

Attendance 1/1 (100%)

DATUK SHAHRIL RIDZA RIDZUAN

(Resigned on 20th August 2018)

HASMAN YUSRI YUSOFF

(Appointed on 30th May 2018)

Attendance 1/1 (100%)

Refer to the Long-Term Incentive Plan Committee Report on page 118.

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DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAMME

In addition to the Mandatory Accreditation Programme required by Bursa Malaysia Securities Berhad, the Directors continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This enables Directors to effectively discharge their duties and sustain active participation in Board deliberations.

The Board assesses the training needs of the Directors from time to time, and ensures Directors have access to continuing education programmes. The trainings attended by the Directors during 2018 were as follows:

TAN SRI AZLAN ZAINOL

No.	Training/Seminar Attended	Date	Organiser	No.	Training/Seminar Attended	Date	Organiser
1.	Anti-Money Laundering/ Combating Financing of Terrorism & Regulatory Compliance Training	10 January 2018	RHB Banking Group	12.	BNM Communication Session with Board of Directors of RHB Investment Bank Berhad	10 August 2018	Bank Negara Malaysia
2.	Briefing on MFRS 9	10 January 2018	RHB Banking Group/Ernst & Young	13.	New Corporate Liability Provision under MACC Act 2009	5 September 2018	KPMG Management & Risk Consulting Sdn Bhd
3.	Insolvency Act 1967: Revamping The Bankruptcy Act 1967	15 January 2018	MRCB/Skrine	14.	MFRS 15 – Revenue from Contracts with Customers	19 September 2018	KPMG PLT
4.	World Capital Markets Symposium 2018 – Renaissance of Capitalism: Markets for Growth	6-7 February 2018	Securities Commission Malaysia	15.	Overview of the General Data Protection Regulation (GDPR)	20 September 2018	DLA Piper
5.	Seminar on the Latest Emerging Issues for Company Directors and Officers	28 March 2018	Naza TTDI Sdn Bhd	16.	MIA International Accountants Conference 2018 “Riding the Digital Wave, Leading Transformation”	9 & 10 October 2018	Malaysian institute of Accountants (MIA)
6.	Briefing on Global Economics and Markets Outlook	29 March 2018	RHB Banking Group/Dr Mark Zandi	17.	Update on Property Markets in United Kingdom	11 October 2018	CBRE
7.	Briefing on Singapore’s New Insolvency & Restructuring Regime	10 April 2018	RHB Banking Group/Shook Lin & Bok	18.	FIDE Elective Programme “Emerging Risks, the Future Board and Return on Compliance”	22 October 2018	The ICLIF Leadership & Governance Centre
8.	Future: PropTech 2018	1 & 2 May 2018	Future: PropTech UK	19.	Trends, Opportunities, Challenges in the Banking Sector	29 November 2018	RHB Banking Group/McKinsey & Company
9.	Communication Session between Bank Negara Malaysia and Board of Directors of RHB Bank and RHB Islamic Bank Berhad	15 May 2018	Bank Negara Malaysia	20.	Digital Ecosystem	29 November 2018	RHB Banking Group/ OneConnect International & Lu International
10.	Sustainability Awareness Session	13 July 2018	RHB Banking Group/Ernst & Young				
11.	Islamic Finance Beyond Banking and Cryptocurrency, Blockchain & Beyond: A Cautionary Tale	30 July 2018	Securities industry Development Corporation (SIDC)				

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MOHD IMRAN MOHAMAD SALIM

No.	Training/Seminar Attended	Date	Organiser
1.	Insolvency Act 1967: Revamping The Bankruptcy Act 1967	15 January 2018	MRCB/Skrine
2.	Future: PropTech 2018	1 & 2 May 2018	Future: PropTech UK
3.	CEO Series 2018 - Annual Property Developers Conference	24 September 2018	REHDA Institute
4.	Kongres Masa Depan Bumi & Negara (KBN) 2018	1 September 2018	Teraju
5.	Khazanah Megatrends Forum	8 & 9 October 2018	Khazanah

HASMAN YUSRI YUSOFF

No.	Training/Seminar Attended	Date	Organiser
1.	Insolvency Act 1967: Revamping The Bankruptcy Act 1967	15 January 2018	MRCB/Skrine
2.	Future: PropTech 2018	1 & 2 May 2018	Future: PropTech UK
3.	Knowledge Sharing Session on Fiqh Muamalat	26 September 2018	MIDF
4.	Khazanah Megatrends Forum	8 & 9 October 2018	Khazanah
5.	KPMG Tax and Business Summit	8 November 2018	KPMG

ROHAYA MOHAMMAD YUSOF

No.	Training/Seminar Attended	Date	Organiser
1.	Future: PropTech 2018	1 & 2 May 2018	Future: PropTech UK
2.	BNY Mellon Asia Pacific Client Leadership Summit	21 & 22 August 2018	BNY Mellon
3.	Executive Presence & Media Skills Course	1 September 2018	EPF
4.	EPF International Social Security Conference	8 September 2018	EPF
5.	EPF Global PE Summit	26 September 2018	EPF
6.	Khazanah Megatrends Forum	8 & 9 October 2018	Khazanah
7.	EPF Investment Seminar	20 October 2018	EPF
8.	World Pension Summit. AMS	29 October 2018 – 2 November 2018	Pensions & Investments
9.	AVCJ HKG Forum	13 & 14 November 2018	AVCJ

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JAMALUDIN ZAKARIA

No.	Training/Seminar Attended	Date	Organiser
1.	Embracing Blockchain Technology: How Does It Transform And Propel Finance?	26 June 2018	AB Maximus & Co. Pte Ltd
2.	Corporate Strategy And Strategic Choices	12 July 2018	CHK Consultancy Sdn Bhd
3.	KWAP Inspire: Environment Conference 2018	17 & 18 July 2018	KWAP
4.	Change Management – Driving Effective Change	18 October 2018	Securities Industry Development Corporation (SIDC)

DATO' MOHAMAD NASIR AB LATIF

No.	Training/Seminar Attended	Date	Organiser
1.	EPF Management Conference 2018	18 – 20 April 2018	EPF
2.	Dimension International Symposium	23 – 25 April 2018	Dimensional Fund Advisors Pte. Ltd.
3.	EPF International Social Security Conference 2018	8 – 9 August 2018	EPF
4.	Yinson Directors' Training	24 September 2018	Yinson Holdings Berhad
5.	EPF Investment Seminar 2018	20 – 21 October 2018	EPF

TO' PUAN JANET LOOI LAI HENG

No.	Training/Seminar Attended	Date	Organiser
1.	Insolvency Act 1967: Revamping The Bankruptcy Act 1967	15 January 2018	MRCB/Skrine
2.	Mandatory Accreditation Programme	20 – 30 January 2018	The Iclif Leadership and Governance Centre
3.	8 th World Women Lawyers' Conference Law in a changing world – From courtroom to boardroom: The impact of women	12 – 13 April 2018	The International Bar Association
4.	Global Leaders Corporate M&A Forum Global M&A Opportunities, Challenges & Trends A New Cold War and If So, What Does It Mean	8 – 9 July 2018	Global Leaders Forum

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BOARD COMPOSITION

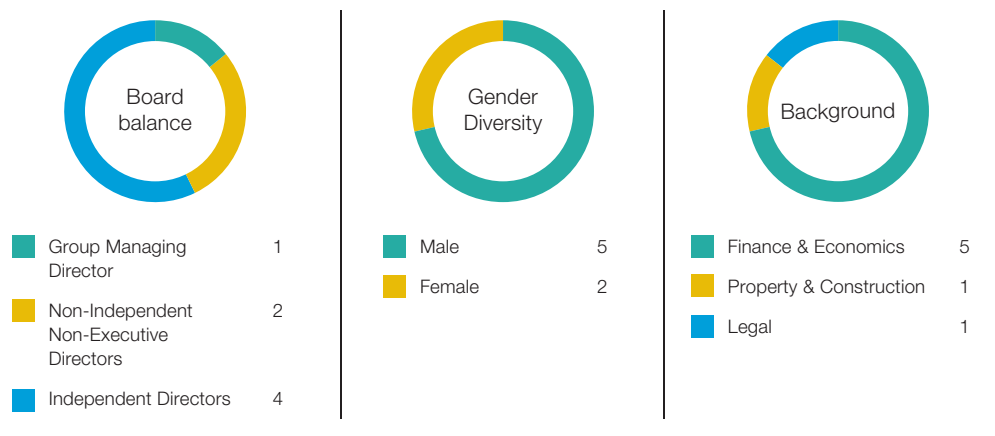
The composition of a board remains a key factor in influencing the manner in which the board functions and the dynamics between its members. An effective board should comprise members with an appropriate mix of skills, knowledge, experience and independence that fit the Company's objectives and strategic goals. In this regard, MRCB is committed to achieving diversity in its Board composition. The Board comprises four distinct parties, namely the Independent Chairman, the Group Managing Director, the Non-Independent Non-Executive Directors and the Independent Directors. The Board believes that its present composition and size enables it to discharge its duties and responsibilities effectively and competently, and reflects diversity in terms of board balance, board tenure, gender and experience. The year 2018 saw changes to MRCB's Board. On 2nd July 2018, Tan Sri Mohamad Salim Fateh Din retired as Group Managing Director, and Mohd Imran Mohamad Salim was redesignated as Group Managing Director. On the same date, the Chairman of the Board, Tan Sri Azlan Zainol was redesignated from Non-Independent Chairman to Independent Chairman. With these changes being effected, MRCB has since been in compliance with Practice 4.1 of the MCCG, which states that for large companies, the majority of the Board should comprise Independent Directors.

As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of 9 years. The Nomination & Remuneration Committee, which is chaired by the Senior Independent Director, is responsible for the identification, assessment and recommendation of suitable candidates to be appointed to the Board.

BOARD COMPOSITION AND BALANCE

The Board consists of qualified individuals with diverse experience, backgrounds and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Group.

The Board reviews the skills, experience and knowledge required of the Board members, in the context of the needs of the Group. The Board reviews its composition and size from time to time to ensure its appropriateness.



Board Effectiveness

The effectiveness of the Board is vital to the success of the Group and it is the Company's policy to conduct a formal Board Effectiveness Evaluation annually, in order to assess the effectiveness of the Board as a whole, the respective Board Committees and the contribution of individual Directors. The outcome of the Board Effectiveness Evaluation exercises carried out are discussed at the Nomination & Remuneration Committee meetings.

Information on Board Effectiveness Evaluation

PwC Consulting Services (M) Sdn Bhd (PwCCS) was appointed by MRCB to undertake an independent evaluation of the effectiveness of the main Board, its Committees and the individual Directors.

The scope of work of PwCCS's appointment included a review and refinement of the current Board Effectiveness Assessment, a self and peer assessment, independent assessment interviews of the Directors, and the preparation of a Board Effectiveness Evaluation (BEE) report, including possible

improvement recommendations. The whole exercise of the BEE was carried out from February to May 2018.

For the assessment of individual Directors, the Directors completed Self and Peer Evaluation questionnaires, while for the Board and its Committees, the following approach was taken by PwCCS:

- Collation and analysis of completed assessment forms
- Structured one-to-one interviews with all Directors to validate preliminary results and to obtain further insights and context on specific areas
- One-to-one discussions with selected Senior Management to obtain views on Board-Management interactions.

PwCCS also interviewed all Directors and four Senior Management in relation to the BEE.

Pursuant to the BEE, PwCCS highlighted some areas which required improvements from the Board. The Board took the necessary improvement measures to further strengthen its performance.

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REMUNERATION

Directors' Remuneration

The Company provides a fair and reasonable, competitive remuneration for its Group Managing Director, to ensure that the Company attracts and retains a high calibre Group Managing Director who has the skills, experience and knowledge to create value for the benefit of all shareholders.

The remuneration for the Group Managing Director is based on his achievements and contributions, measured against his Key Performance Indicators. The Board determines the remuneration of the Group Managing Director, taking into consideration the recommendations of the Nomination & Remuneration Committee.

The Independent and Non-Independent Non-Executive Directors received a fixed-base fee as consideration for their Board duties. The aggregate amount of Directors' fees to be paid to Independent and Non-Independent Non-Executive Directors is subject to the approval of the shareholders at the General Meeting. Remuneration of Independent and Non-Independent Non-Executive Directors is not linked to individual performance.

As the Directors did not receive any remuneration from other companies within the Group, all the Directors' remuneration disclosed below were for services rendered to MRCB.

DIRECTORS' REMUNERATION

Directors	Fee (RM)	Salary & Bonus (RM)	EPF & SOCSSO (RM)	Leave Passage (RM)	Allowance (RM)	Car Allowance (RM)	Benefits -In-Kind (RM)	LTIP (RM)	Total (RM)
Independent Chairman									
Tan Sri Azlan Zainol <i>(Independent with effect from 2nd July 2018)</i>	200,000	-	-	-	152,000	-	-	-	352,000
Non-Independent Non-Executive Directors									
Datuk Shahril Ridza Ridzuan <i>(Resigned on 20th August 2018)</i>	95,343	-	-	-	95,129	-	179,283	-	369,755
Rohaya Mohammad Yusof	150,000	-	-	-	66,000	-	-	-	216,000
Dato' Mohamad Nasir Ab Latif <i>(Appointed on 24th August 2018)</i>	53,425	-	-	-	59,581	-	-	-	113,006
Group Managing Director									
Tan Sri Mohamad Salim Fateh Din <i>(Retired on 2nd July 2018)</i>	-	4,742,308	960,480	30,000	-	60,000	31,551	968,455	6,792,794
Mohd Imran Mohamad Salim <i>(Redesignated on 2nd July 2018)</i>	-	1,581,600	337,920	27,588	18,097	89,839	54,456	346,298	2,455,798
Independent Directors									
Jamaludin Zakaria	150,000	-	-	-	82,000	-	-	-	232,000
Hasman Yusri Yusoff	150,000	-	-	-	83,000	-	-	-	233,000
To' Puan Janet Looi Lai Heng	150,000	-	-	-	49,016	-	-	-	199,016
Total	948,768	6,323,908	1,298,400	57,588	604,823	149,839	265,290	1,314,753	10,963,369

* Particulars of the interests of the Directors who held office at the end of the financial year in shares, options and warrants over shares in the Company or its related corporations during the financial year can be found on page 4 of the accompanying Financial Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Senior Management's Remuneration and Shareholdings

Details of the top five (5) Senior Management's remuneration in bands of RM50,000 for financial year ended 31st December 2018 are set out below.

TOP FIVE SENIOR MANAGEMENT'S REMUNERATION

Senior Management	Remuneration (RM)
Tan Sri Mohamad Salim Fateh Din	Disclosed under Directors' Remuneration.
Mohd Imran Mohamad Salim	Disclosed under Directors' Remuneration.
Ann Wan Tee (Group Chief Financial Officer)	RM2,150,000 – RM2,200,000
Kwan Joon Hoe (Group Chief Operating Officer)	RM1,900,000 – RM1,950,000
Amarjit Singh Chhina (Chief Corporate Officer)	RM1,700,000 – RM1,750,000

Details of Senior Management's shareholdings in the Company during the financial year are set out below:

SENIOR MANAGEMENT'S SHAREHOLDINGS

	Number of ordinary shares			
	As at 1.1.2018	Granted/ Acquired	Sold	As at 31.12.2018
Malaysian Resources Corporation Berhad				
Ann Wan Tee	0	249,800	0	249,800
Kwan Joon Hoe	0	232,200	0	232,200
Amarjit Singh Chhina	319,600	176,600	0	496,200

	Number of warrants B over ordinary shares			
	As at 1.1.2018	Granted/ Acquired	Sold	As at 31.12.2018
Malaysian Resources Corporation Berhad				
Amarjit Singh Chhina	33,921	0	0	33,921

* Details of Mohd Imran Mohamad Salim's shareholdings can be found on page 4 of the accompanying Financial Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT & RISK MANAGEMENT COMMITTEE

On 22nd November 2018, the Audit Committee was renamed Audit & Risk Management Committee, with the responsibility of the Committee being extended to include overseeing the risk management function, adopting Step-up Practice 9.3 of the MCGG. In addition, the composition of the Committee has also been changed, such that the Committee comprises all Independent Directors. On 12th January 2019, To' Puan Janet Looi Lai Heng, an Independent Director, was appointed as a member of the Committee, replacing Rohaya Mohammad Yusof, a Non-Independent Director.

The Audit & Risk Management Committee assists the Board in fulfilling its oversight responsibilities over the activities of the Group. The Committee has a Terms of Reference, which sets out its key roles and responsibilities. The Terms of Reference was updated to incorporate the expanded role of the Committee, and is disclosed in the Company's website. The expanded role of the Committee includes reviewing the effectiveness of the risk management framework adopted and the risk management processes employed, and providing assurance to the Board on the adequacy and effectiveness of the risk management framework. Details of the role and activities of the Audit & Risk Management Committee are disclosed in the Audit & Risk Management Committee Report on page 112.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's risk management and internal control framework. An ongoing process to identify, assess, respond, monitor and report significant risks that may affect the achievement of the Group's business objectives is in place. The features of the Group's risk management and internal control framework, and the adequacy and effectiveness of this framework are disclosed in the Statement on Risk Management and Internal Control on page 119.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

Ongoing engagement and communication with stakeholders is vital in fostering a healthy relationship between the Company and its stakeholders. In recognising this, the Board ensures that there is effective, transparent and regular communication with its stakeholders. Communication with stakeholders is achieved through various means, such as press releases, publication of information in the Company's website and on social media and engagement forums organised by the Investor Relations team.

INVESTOR RELATIONS (IR)

In supporting our strategy for long-term growth and sustainability, MRCB strives to continuously cultivate a strong relationship with its shareholders, investors and other stakeholders. We engaged in active dialogue throughout 2018 through a structured plan of investor relations activities.

Accessibility in an ever changing investment climate is important. In recognising this, we ensure that we respond to daily queries from investors and analysts through our Investor Relations team, corporate website www.mrcb.com and our Investor Relations app. Our corporate website and app contains the Group's annual reports, financial results, press releases, quarterly results presentations and disclosures to Bursa Securities, and is updated in a comprehensive and timely manner.

CHANNELS OF COMMUNICATION

One-on-one and group meetings were the main avenue for MRCB to directly engage with institutional investors and investment analysts and brokers in 2018. In addition, we also engaged with our shareholders and the investment fraternity through our Quarterly Results Analysts' Briefings and presenting at conferences and roadshows, both locally and internationally.

In line with our timely release of quarterly results announcements, we continued to conduct our Quarterly Results Analysts' Briefings via teleconferences, to ease participation and to ensure that all covering analysts could proactively participate during the presentation and question and answer sessions. The Investor Relations team also ensures the Quarterly Results presentations are uploaded in a timely manner on the Company's website, so all shareholders have access to the same information immediately.








MRCB is also a corporate member of the Malaysian Investor Relations Association (MIRA) and Minority Shareholders Watch Group (MSWG). These memberships enable MRCB to continue to practice and ensure high standards and best practices of IR are maintained. Senior Management also maintains communications with MSWG to remain abreast of the latest developments on minority shareholders' rights protection.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

OTHER STAKEHOLDERS ENGAGEMENT ACTIVITIES

Apart from engaging the investment and financial community, we also engage with other stakeholders through various means, with a view to improving our relationship with our business partners and the general public. Our key engagements with our stakeholders are summarised below.

STAKEHOLDER	KEY ENGAGEMENTS IN 2018	FREQUENCY
 Customers	<ul style="list-style-type: none"> Customer Satisfaction Survey Engagement Activities and Roadshows 	<ul style="list-style-type: none"> At the point of purchase Monthly
 Employees	<ul style="list-style-type: none"> Townhall Sessions Health & Wellness Programmes Employee Engagement Sessions 	<ul style="list-style-type: none"> Annually Monthly Monthly
 Shareholders	<ul style="list-style-type: none"> Annual General Meeting Analysts' Briefings Engagement via Meetings and Conferences Written Communication 	<ul style="list-style-type: none"> Annually Quarterly Monthly Ad-hoc basis
 Government/ Regulator	<ul style="list-style-type: none"> Regular Meetings Written Communication 	<ul style="list-style-type: none"> Monthly Ad-hoc basis
 Local communities	<ul style="list-style-type: none"> Community Development Programmes Briefing on Project Progress and Related Matters 	<ul style="list-style-type: none"> Bi-monthly Bi-monthly
 Suppliers/ Contractors	<ul style="list-style-type: none"> Regular Meetings 	<ul style="list-style-type: none"> Bi-monthly
 Media	<ul style="list-style-type: none"> Press Releases Regular Updates and Engagement 	<ul style="list-style-type: none"> Monthly Monthly

* Bi-monthly is used to mean once every two months.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Dividend Policy

The Company has established a Dividend Policy whereby shareholders can expect a dividend payout amounting to at least 20% of core net profits. For the financial year ended 31st December 2018, the Company is proposing a first and final single tier dividend of 1.75% or 1.75 sen per ordinary share. This proposal is subject to the approval of shareholders at the forthcoming Annual General Meeting.

Feedback

As part of our efforts to increase transparency, we encourage shareholders and investors to forward their questions and comments to the Company using the various modes of communications listed out in the "Contact Us" page on the Company's website. Shareholders and members of the public may also contact the Senior Independent Director of the Company, Jamaludin Zakaria, to convey their concerns or questions. Jamaludin Zakaria may be contacted via email at: jamal.zakaria@mrcb.com.

Conduct of General Meetings

The Annual General Meeting is another forum through which the Board communicates with shareholders on the Group's progress and performance, and where the Board clarifies issues pertaining to the Group's business activities, performance and other related matters.

Shareholders are encouraged to participate in the meeting and are given the opportunity to ask questions and state their views. Where appropriate, the Chairman of the Board may provide a written response to any significant question that cannot be readily answered during the Annual General Meeting.

Where there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions are provided in the notice of the Annual General Meeting. Notice for a General Meeting is given to the shareholders at least 28 days prior to the meeting.

In line with Bursa Malaysia Securities Berhad's amendments to its Main Market Listing Requirements, all resolutions are put to vote by poll. The Company aims to leverage on technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at General Meetings.

In 2018, the 47th Annual General meeting was held on 21st May 2018 at Hotel Istana, Kuala Lumpur.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is fully committed to compliance with the requirements of the Malaysian Code on Corporate Governance (MCCG).

The Board will continue to enhance its corporate governance practices by taking steps to address the current departures from the Practices stipulated in the MCCG.

The key focus areas will be meeting the requirements with regards to women directors, the adoption of integrated reporting based on a globally recognised framework and developing policies and procedures on the remuneration of Directors and Senior Management. Future priorities include leveraging on technology to facilitate further participation by shareholders at General Meetings. With these strategies in place, the Group is confident of achieving its corporate governance objectives.

This Corporate Governance Overview Statement was approved by the Board of Directors at its meeting held on 26th February 2019.