

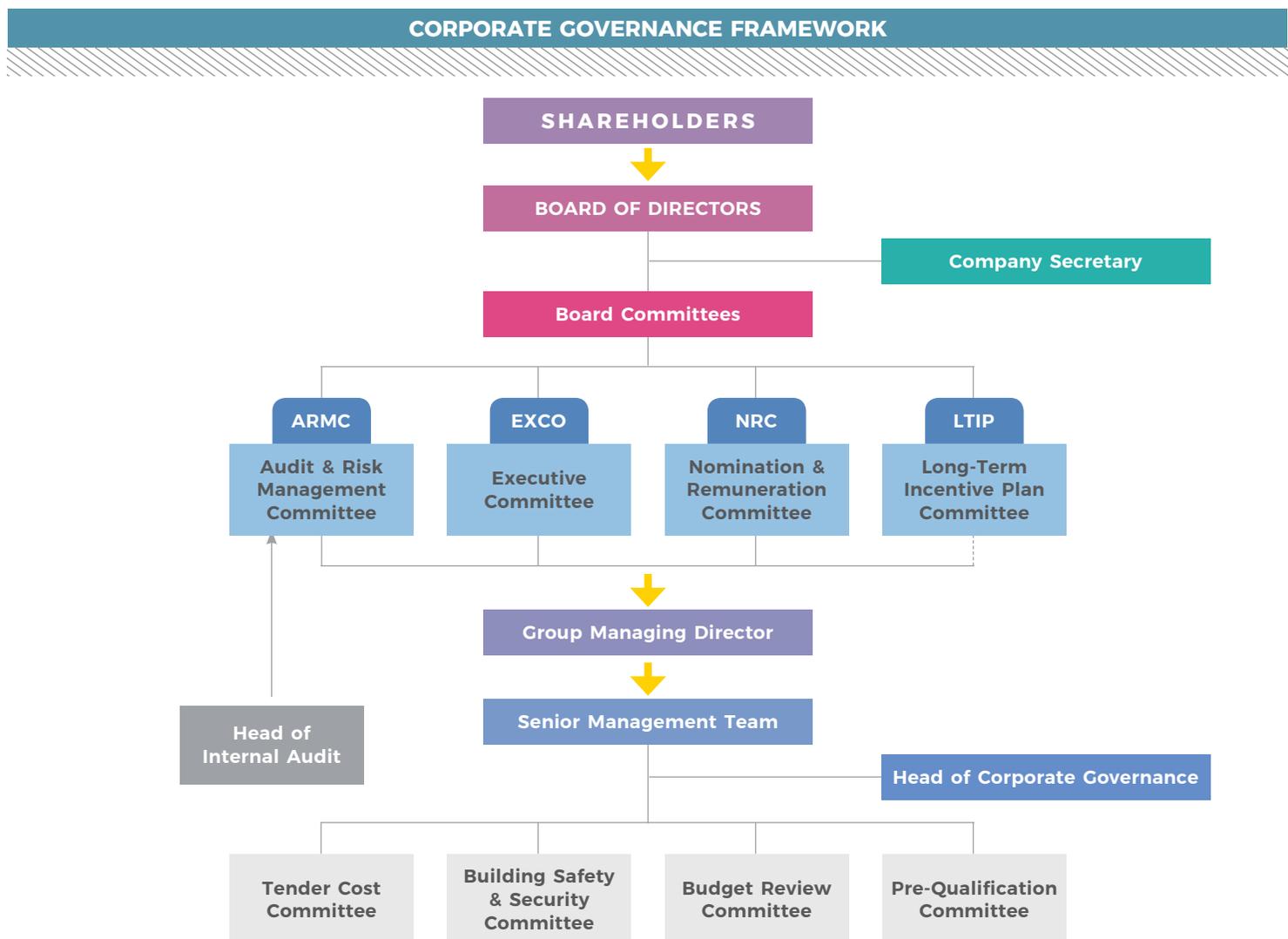
ENSURING INTEGRITY AND GOVERNANCE

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## CORPORATE GOVERNANCE FRAMEWORK

MRCB's governance framework encompasses a robust decision-making process and a clear framework within which decisions can be made. This is achieved via a 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. The governance framework facilitates proper decision making, with the right considerations supporting such decisions.

The Board is collectively responsible for the performance of the Group. The Chairman of the Board provides leadership to the Board to enable it to discharge its responsibilities. 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, however, retains the ultimate responsibility for decisions made by the Board Committees. The Board also 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 in place to assist the Senior Management team with its decision-making processes. The following diagram depicts the governance framework of the Group:



Complementing efforts to strengthen the Group's governance is its advocacy of human rights across the Group. The Group respects human rights and is committed to ensuring that its activities are governed by human rights and anti-slavery principles, regulations, laws, best industry practices and standards throughout its business operations and value chains. The Group's commitment to human rights is embedded and supported by various policies and processes within its business. The Group's Environmental, Safety and Health Guidelines is an example of its continuing efforts in safeguarding human rights. In addition, there are channels through which internal stakeholders can submit grievances, such as the Whistleblowing hotline or email and the Human Resources Portal.

## 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 31 December 2019.

The Group has applied 29 out of 32 Practices in the MCCG. The three (3) Practices not complied with in 2019 are:

- Practice 4.5 on the percentage of women directors on the Board;
- Practice 12.2 on the attendance of directors at General Meetings; and
- Practice 12.3 on leveraging technology to facilitate voting in absentia and remote shareholders' participation at General Meetings.

Practice 4.5 seeks to ensure that 30% of the Board comprises women directors, whereas the percentage of women directors on our Board at present is very close at 29%. This target will continue to be pursued within the wider context of enhancing the Board's overall diversity, know-how, and effectiveness, as set out on pages 88 - 101 of this Corporate Governance Overview Statement.

Practice 12.2 requires all directors to attend all General Meetings of the Group. While the Annual General Meeting saw full attendance, it was unfortunate that one of our directors was unable to attend the Extraordinary General Meeting held on 14 February 2019 due to an overseas work commitment. The Board, however, remains committed to ensuring that this Practice is met in future years.

Practice 12.3, which recommends the use of technology to facilitate voting in absentia and remote shareholders' participation at General Meetings, still requires more research and evaluation.

In addition, we have adopted all four (4) Step-up Practices in the MCCG.

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 the Company's website, [www.mrcb.com/corporate-governance/](http://www.mrcb.com/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

Go to pages 88 - 101



### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

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

Go to pages 102 - 104

## ENSURING INTEGRITY AND GOVERNANCE

### 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 the stewardship of the business and affairs of the Group on behalf of shareholders with a view to enhancing shareholder value. The Board plays a critical role in ensuring that sound and prudent policies and practices are in place.

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. This is primarily achieved through the development of internal controls and guidelines, such as the Board Charter, Code of Business Ethics, Whistleblowing, Conflict of Interest policies, and others.

Further details on these internal control policies and guidelines can be found on the Company's corporate website, [www.mrcb.com](http://www.mrcb.com).

##### ROLES AND RESPONSIBILITIES OF THE BOARD

###### ROLES OF THE BOARD

The Board fosters a strong corporate governance culture in the organisation by adopting the highest standard of corporate governance practices as a way of life. The Board sets the tone from the top and manages Board effectiveness by focusing on strategy, governance and compliance. 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; and
- Changes to the management and control structure within the Company and its subsidiaries.

The positions of the Chairman and Group Managing Director are held by different individuals, with clear and distinct roles, which are formally documented in the Board Charter.

##### CHAIRMAN OF THE BOARD

The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:

- Ensuring that the Board functions effectively, cohesively and independently of Management;
- Providing governance in matters requiring corporate justice and integrity;
- Leading the Board, including presiding over Board meetings and Company meetings, and directing Board discussions to effectively use the time available to address the critical issues facing the Company;
- Promoting a constructive and respectful relationship among board members and between board members and Management; and
- Ensuring that there is effective communication between the Company and/or Group and its shareholders and relevant stakeholders.

##### GROUP MANAGING DIRECTOR

The Group Managing Director is responsible to the Board for the day-to-day management of the Company. The Board gives direction and exercises judgement in setting the Company's objectives and overseeing its implementation. The key roles of the Group Managing Director, amongst others, are as follows:

- Developing the strategic direction of the Group;
- Ensuring that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees;
- Ensuring that the objectives and standards of performance are understood by the Management and employees;

- Ensuring that the operational planning, risk management, and control systems are in place;
- Monitoring performance results against plans;
- Taking remedial action, where necessary;
- Working with other executives to oversee the operations of company;
- Establishing new business contacts, interacting with clients, and recruiting employees;
- Developing strategic marketing and sales plans to boost profits and efficiency; and
- Coordinating various efforts of various departments to meet the Company's goals.

The segregation of duties and responsibilities between the Chairman and the Group Managing Director ensures an appropriate balance of roles, responsibilities and accountability at Board level.

The Board performed the following key activities throughout 2019:

- Developed the Group's strategy in line with industry outlook;
- Approved the Group's annual budget;
- Assessed Project plans, including budgets, upstream tender submissions and downstream contract awards;
- Approved the Group's Quarterly results;
- Monitored effectiveness of internal controls via Regular and Special Audit exercises;
- Deliberated the viability of business propositions and corporate proposals;
- Approved the Implementation of the Anti-Bribery Management System (ABMS) within the Group;
- Approved the Risk Management Roadmap and Quarterly Risk Registers;
- Endorsed the Succession Planning initiative for key positions;
- Monitored Group digitalisation initiatives, such as Enterprise Resource Planning (ERP) and HR Management System upgrades;
- Approved revisions to the Limits of Authority; and
- Visited the Group's project sites in Johor.

## BOARD CHARTER

The Board is guided by a Board Charter that sets out the principal role of the Board, the functions, responsibilities and powers of the Board and its various committees, together with a schedule of matters reserved for the Board. This document was established by the Board to ensure that Directors are aware of their fiduciary duties and responsibilities, particularly

their responsibility to shareholders and the need to conduct themselves with the highest ethical standards at all times.

The Board Charter is reviewed and updated from time to time, with the last revision being made on 22 November 2018. The Board Charter can be found on the Company's website, [www.mrcb.com](http://www.mrcb.com).

## CODE OF BUSINESS ETHICS (CBE)

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 CBE upon their appointment, and are required to confirm they have read and understood the CBE. Compliance with the provisions in these documents is deemed to be part of the terms and conditions of their service. The CBE promotes good business conduct with the highest principles of moral behaviour and integrity, and sets 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. It applies to all Directors and employees of the Group. The CBE can be found on the Company's website, [www.mrcb.com](http://www.mrcb.com).

## 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. The Whistleblowing Policy can be found on the Company's website, [www.mrcb.com](http://www.mrcb.com), and has proved to be an effective tool for the Group to detect and take action against misconduct within the Group.

## 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.

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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 should also abstain from all Board deliberations and voting with regards to matters in which they have an interest.

A Conflict of Interest Policy was established in 2019. The purpose of this Policy is to ensure that actual, potential and perceived conflicts of interest are identified and managed effectively. It provides guidance on how to deal with conflict of interest situations as they arise. This Policy applies to all Directors and employees of the Group (including employees on contract terms, temporary staff, those on internship or secondment and consultants engaged by the Group on a full-time basis). The Conflict of Interest Policy can be found on the Company's website, [www.mrcb.com](http://www.mrcb.com).

#### 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 specifies 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 August 2019.

#### BOARD MEETINGS AND ACCESS TO INFORMATION

##### BOARD MEETINGS

The Board holds regular meetings of not less than four times a year. All Board meetings are scheduled in advance before the start of the financial year to enable Directors to plan ahead and ensure full attendance at meetings. Scheduled Board meetings are typically convened immediately following finalisation of the Company's quarterly and annual results for the Board to review and approve prior to announcement to Bursa Malaysia. The viability of other business propositions and corporate proposals are also deliberated and assessed, with relevant members of Senior Management attending by invitation to report to the Board on matters pertinent to their areas of responsibility. In arriving at Board decisions, the will of the majority prevails.

In addition to scheduled meetings, the Board commits to convene as and when necessary to consider and deliberate urgent proposals. Approvals by way of circular resolutions are another option available to the Directors for urgent proposals that arise in between scheduled Board meetings, however, these are generally used sparingly.

Directors are therefore expected to always allocate sufficient time to perform their responsibilities effectively. Directors are further required to notify the Chairman before accepting any new directorships, and to indicate the time expected to be spent on such new appointments. In any given circumstances, Directors are limited to holding not more than 5 directorships in listed issuers, in accordance with Bursa Malaysia's Listing Requirements.

All Directors have participated fully in discussions and have been free to express their views at all Board meetings held during the financial year. Further evidence of the Directors' full commitment towards their duties and responsibilities can be seen by their attendance at Board meetings held during the financial year. On average, the Directors attended 98% of all Board meetings in 2019 and therefore have more than adequately complied with the minimum attendance requirements.

##### BOARD ACCESS TO INFORMATION

The quality of information given to the Board is important as it enables good decision-making based on all the available 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.
- iii. Unrestricted access to the advice and services of independent professionals made available to Board members individually and collectively. Such advice and services are made available at the Company's expense and are wholly independent of Management's intervention.

In addition, the Board may collectively conduct or direct any investigation and may retain, at the Company's expense, any legal, accounting or other services that it considers necessary to perform its duties.

## COMPANY SECRETARY

The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and has the requisite experience to provide unhindered advice to the Board to ensure its effective functioning and compliance with regulatory requirements. The Company Secretary attends all Board meetings and ensures that all deliberations are properly documented and recorded. In addition to ensuring that accurate and proper records of the proceedings and resolutions passed are maintained in the statutory records of the Company, the Company Secretary ensures that all Board procedures are followed and the applicable rules and regulations for the conduct of the Board's affairs are complied with. The Company Secretary further advises the Board on issues relating to the Company's Constitution, corporate governance best practices and compliance related matters. Draft minutes are circulated to all Directors for their perusal and comments before the confirmation of the same at the next meeting. The Company Secretary serves the notice on 'closed periods' to Directors and the Company's principal officers to notify them of the 'closed periods' for trading of the Company's shares, in accordance with Bursa Malaysia's Listing Requirements. The Company Secretary is bound by MAICSA's Code of Professional Ethics and Conduct to Act as Company Secretaries.

## CORPORATE GOVERNANCE

The 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 Board ensures that its Chairman is an independent non-executive member of the Board. In order to ensure a balance of power and authority within the Board, the roles and responsibilities of the Chairman and the Group Managing Director are kept separate, given the distinct expectations and differing primary audiences served by each role. Non-Executive Directors, who are wholly independent of Management and strictly do not participate in any day-to-day management activities of the Company, are relied upon to provide oversight over Management.

The Board has a Senior Independent Director, Jamaludin Zakaria. The role of the Senior Independent Director is as follows:

- Act as a sounding board for the Chairman and Group Managing Director on board matters;
- Be a conduit, as required, for views by other non-executive Directors on the performance of the Chairman and chair a formal annual session of the Nomination and Remuneration Committee members to agree the Chairman's objectives and review his performance;
- Be the focal point for board members for any concerns regarding the Chairman, or the relationship between the Chairman and the Group Managing Director; and
- Act as a trusted intermediary for non-executive Directors where this is required to help them to challenge and contribute effectively.

The roles and 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](http://www.mrcb.com).

## Board Delegation and Committees

The Board from time to time establishes committees as it considers appropriate to assist in carrying out its duties and responsibilities. Although the Board is responsible for the oversight and overall management of the Group, it reserves certain powers for itself and delegates certain functions to the respective Board Committees, the Group Managing Director or Senior Management to assist in the execution of its responsibilities. Such delegations are subject to approving authority limits, as stipulated in the Group's Limits of Authority approved by the Board.

The following are the Board Committees that have been established:

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

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.

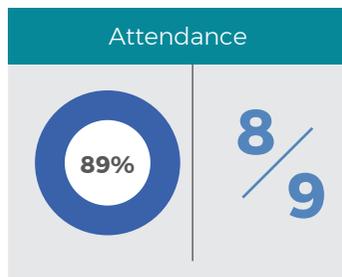
Descriptions of the key functions and responsibilities of the respective Committees are set out on pages 117 – 124 of the Integrated Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### BOARD OF DIRECTORS

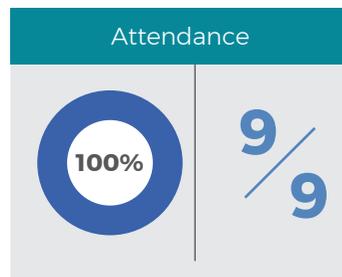
#### Tan Sri Azlan Zainol

Independent Chairman



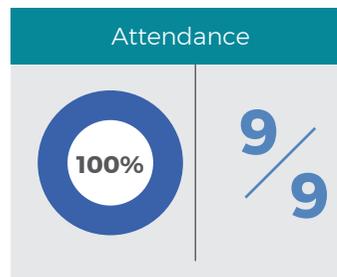
#### Mohd Imran Mohamad Salim

Group Managing Director



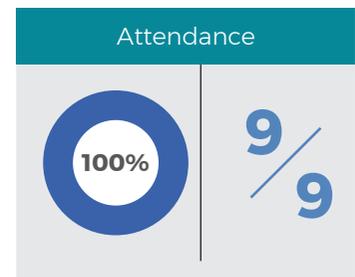
#### Rohaya Mohammad Yusof

Non-Independent  
Non-Executive Director



#### Dato' Mohamad Nasir Ab Latif

Non-Independent  
Non-Executive Director



#### 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%)

**To' Puan Janet Looi Lai Heng**

Attendance 5/5 (100%)

Refer to the Audit & Risk Management Committee Report on pages 117 - 120.

#### EXCO

##### Executive Committee

The EXCO comprises four (4) members as below:

##### Chairman

**Dato' Mohamad Nasir Ab Latif**

Attendance 2/2 (100%)

##### Members

**Jamaludin Zakaria**

Attendance 2/2 (100%)

**Mohd Imran Mohamad Salim**

Attendance 2/2 (100%)

**To' Puan Janet Looi Lai Heng**

Attendance 2/2 (100%)

Refer to the Executive Committee Report on page 121.

## Jamaludin Zakaria

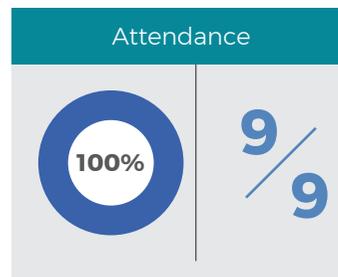
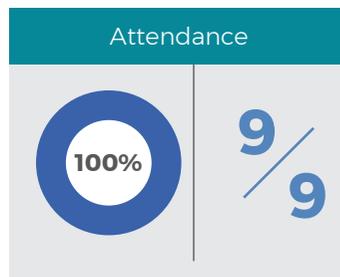
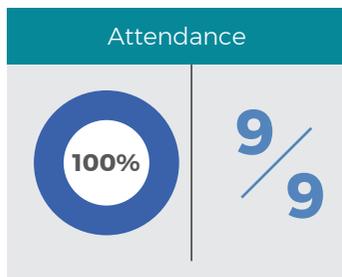
Senior Independent  
Director

## Hasman Yusri Yusoff

Independent Director

## To' Puan Janet Looi Lai Heng

Independent Director



OVERALL  
PERCENTAGE OF  
ALL BOARD  
MEETINGS  
ATTENDED BY  
DIRECTORS:

98%

### NRC

#### Nomination & Remuneration Committee

The NRC comprises four (4) members as below:

##### Chairman

**Jamaludin Zakaria**

Attendance 5/5 (100%)

##### Members

**Rohaya Mohammad Yusof**

Attendance 5/5 (100%)

**Hasman Yusri Yusoff**

Attendance 5/5 (100%)

**To' Puan Janet Looi Lai Heng**

Attendance 5/5 (100%)

Refer to the *Nomination & Remuneration Committee Report* on pages 122 – 123.

### LTIP

#### Long-Term Incentive Plan Committee

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

##### Chairman

**Dato' Mohamad Nasir Ab Latif**

Attendance 1/1 (100%)

##### Members

**Mohd Imran Mohamad Salim**

Attendance 1/1 (100%)

**Hasman Yusri Yusoff**

Attendance 1/1 (100%)

Refer to the *LTIP Committee Report* on page 124.

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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 throughout 2019 were as follows:

**TAN SRI AZLAN ZAINOL**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. UK Retail Workshop and Study Tour on "The Future of Retailing"	3 - 8 March 2019	Sogo and Institute of Retail Management, Saïd Business School, Oxford University, United Kingdom
4. Talk on Economic Developments in the US.	1 April 2019	RHB in-house training by Dr Mark Zandi, Chief Economist Moody's Analytics, US
5. Enhancing Corporate Brand Value	30 April 2019	RHB in-house training by Mr Samir Dixit, Brand Finance Asia Pacific
6. Directors' Guide to Governance, Risk & Compliance (GRC)	13 May 2019	RHB in-house training by Mr Ramesh Pillai, Institute of Enterprise Risk Practitioners
7. Corporate Liability and MRCB's Internal Control	22 July 2019	MRCB and SKRINE
8. Industry 4.0 and its Impact on Malaysian Capital Markets	6 August 2019	RHB in-house training by Dr Ch'ng Huck Khoon, CHK Consultancy Sdn Bhd

**MOHD IMRAN MOHAMAD SALIM**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. Corporate Liability and MRCB's Internal Control	22 July 2019	MRCB and SKRINE

**ROHAYA MOHAMMAD YUSOF**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. ASI Institutional Roundtable: A Brave New World	5 March 2019	Aberdeen Standard Investments, Singapore
4. PERE Asia Summit 2019	6 & 7 March 2019	Private Equity International, Hong Kong
5. Invest Malaysia 2019	19 & 20 March 2019	Bursa Malaysia & Maybank
6. Team Building Grand Ion Delemen	30 & 31 March 2019	English Language Company (ELC) & Employees Provident Fund (EPF)
7. Khazanah Megatrends Forum	7 & 8 October 2019	Khazanah Nasional Berhad
8. Hamilton Lane Summit 2019, USA	28 -30 October 2019	Hamilton Lane
9. EPF Investment Seminar	2 November 2019	Employees Provident Fund (EPF)
10. Governance Convention 2019: Rising Beyond Principles and Policies	18 & 19 November 2019	Institutional Investors Council Malaysia and Securities Industry Development Corporation (IIC-SIDC)
11. International Social Well-Being Conference (ISWC)	21 & 22 November 2019	Amundi

**DATO' MOHAMAD NASIR AB. LATIF**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. Cyber Security Awareness	30 May 2019	Sime Darby Leadership Centre
4. Synergy 2019 Conference	31 October 2019	Yinson Holdings Berhad
5. Governance Convention 2019: Rising Beyond Principles and Policies	18 & 19 November 2019	Institutional Investors Council Malaysia and Securities Industry Development Corporation (IIC-SIDC)

**JAMALUDIN ZAKARIA**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. International Directors Summit 2019	14 & 15 October 2019	Institute of Corporate Directors Malaysia

**HASMAN YUSRI YUSOFF**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. KPMG Tax Summit	14 January 2019	KPMG
4. MIDF Green Conference 2019	21 March 2019	Malaysian Industrial Development Finance Berhad (MIDF)
5. Beyond Paradigm Summit	17 July 2019	Serba Dinamik Holdings Berhad @ MITEC
6. Corporate Liability and MRCB's Internal Control	22 July 2019	MRCB and SKRINE
7. ACI Breakfast Roundtable	6 August 2019	KPMG
8. Leadership Greatness in Turbulent Times: Building Corporate Longevity	8 August 2019	Malaysian Industrial Development Finance Berhad & Institute of Corporate Directors Malaysia (MIDF & ICDM)
9. Directors and Senior Management Training #02/2019 on Talent Management	23 September 2019	Chemical Company of Malaysia Berhad
10. Khazanah Megatrends Forum	7 & 8 October 2019	Khazanah Nasional Berhad
11. Tax and Business Summit	30 October 2019	KPMG
12. Value Based Intermediation for Islamic Financial Institution	6 November 2019	Malaysian Industrial Development Finance Berhad (MIDF)

**TO' PUAN JANET LOOI LAI HENG**

Training/Seminar Attended	Date	Organiser
1. Property Market Outlook 2019	12 January 2019	MRCB and Savills Malaysia
2. Section 17A of Malaysian Anti-Corruption Commission Act 2019 [Act 694]	12 January 2019	MRCB and Malaysian Anti-Corruption Commission (MACC)
3. Corporate Liability and MRCB's Internal Control	22 July 2019	MRCB and SKRINE
4. SBS Women Transforming Leadership Programme	7 -11 October 2019	University of Oxford, United Kingdom
5. Corporate Governance and Anti-Corruption	31 October 2019	Bursa Malaysia
6. Governance Convention 2019: Rising Beyond Principles and Policies	18 & 19 November 2019	Institutional Investors Council Malaysia and Securities Industry Development Corporation (IIC-SIDC)

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**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

**BOARD DIVERSITY AND INDEPENDENT DIRECTORS**

The composition of a board remains a key factor in influencing the manner in which the board functions and the dynamics between its members. Diversity helps the Board to leverage on the differences in background, industry experience, knowledge and skills, to help the Group retain its competitive advantage. 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 adequate diversity in terms of board balance, board tenure, gender and experience.

As a matter of policy, the Board has established that the tenure of Independent Directors shall not exceed a cumulative term of 9 years. Such long tenures could lead to the development of a sense of familiarity with Management and sympathy for their interests, which may erode an Independent Director's objectivity, as outlined within Practice 4.2 of the Malaysian Code of Corporate Governance (MCCG). No Independent Director has served the Company for more than 9 years.

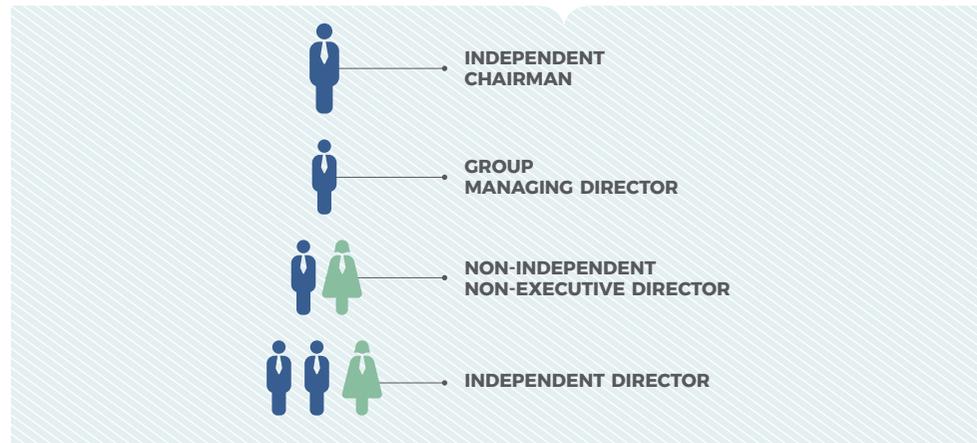
The Nomination & Remuneration Committee, which is chaired by the Senior Independent Director, is responsible for the identification, assessment and recommendation of suitable candidates to be appointed to the Board. The majority of the Board currently comprises Independent Directors. The Board views the number of its Independent Directors as adequate to provide the necessary check and balance to the Board's decision-making process.

**BOARD COMPOSITION, BALANCE AND EFFECTIVENESS**

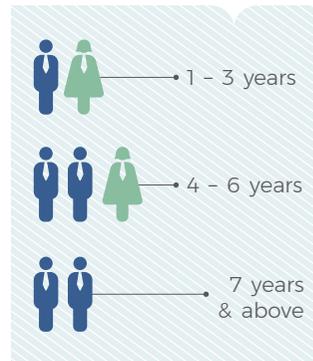
The Board consists of qualified individuals with diverse experience, backgrounds and perspectives to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it functions cohesively and efficiently.

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.

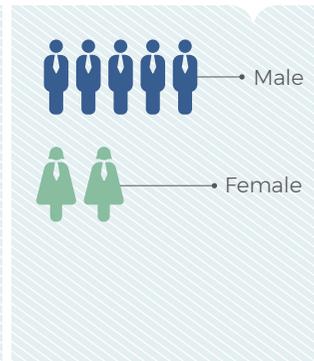
**BOARD BALANCE**



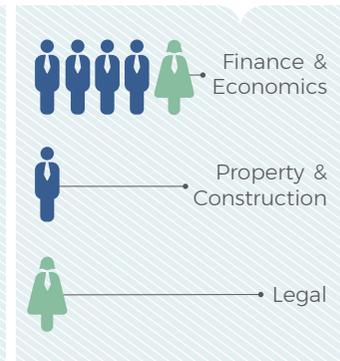
**BOARD TENURE**



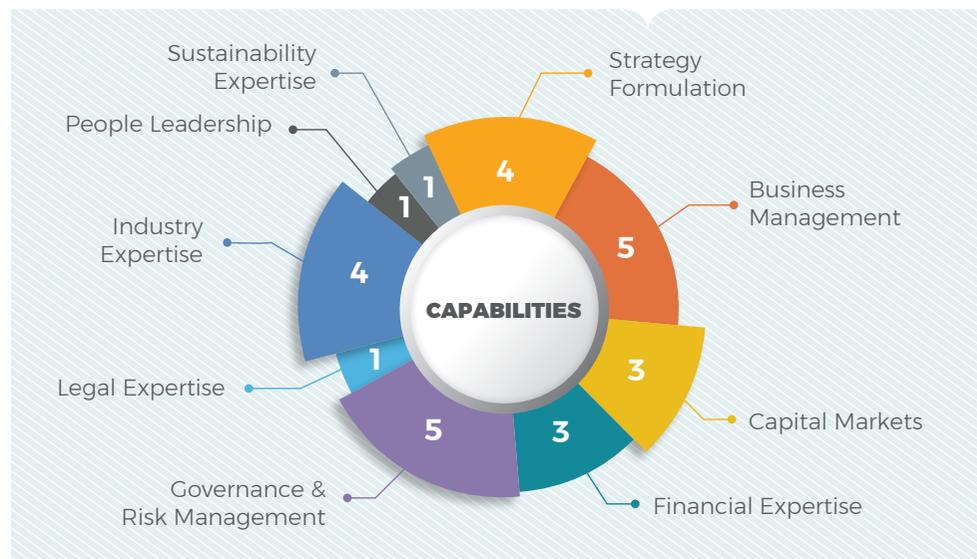
**GENDER DIVERSITY**



**BACKGROUND**



**DIRECTORS' KEY CAPABILITIES**



## 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 results of the Board Effectiveness Evaluation are discussed and deliberated at the Nomination & Remuneration Committee meetings, and recommendations to improve the Board's effectiveness are tabled to the Board.

### Information on Board Effectiveness Evaluation (BEE)

Boardroom Corporate Services Sdn Bhd (BCS) was appointed by MRCB to undertake an independent evaluation of the effectiveness of the main Board, its Committees and the individual Directors.

The BEE exercise was carried out from January to March 2019 with the following approach taken by the Consultant in assessing MRCB's Board, Board Committees and individual Directors, including Independent Directors and the Group Managing Director:

- Develop an understanding of MRCB's organisational philosophy, expectations of Directors' roles and responsibilities and expectations of MRCB's Board and Board Committees.
- Gain an understanding of the assessment criteria that best suit the needs of MRCB.
- Review the Terms of References for MRCB's Board and Board Committees.
- Conduct analysis based on the written responses provided by Directors and insights from all Directors during the interview sessions.

The BEE covered the following assessment topics wherein in each section, the respective Directors or members of the committees responded to the questionnaires provided by the Consultant, who then analysed the responses together with insights gained from interview sessions with Directors and selected members of Senior Management:

Assessment Topics	Questionnaires Completed By
Board of Directors Assessment	All Directors
Directors' Skill Sets Assessment	All Directors
Directors' Self and Peer Assessment	All Directors
Independent Directors' Self-Assessment	Independent Directors
Board Audit & Risk Management Committee Assessment	Board Audit & Risk Management Committee members
Board Nomination & Remuneration Committee Assessment	Board Nomination & Remuneration Committee members
Board Executive Committee Assessment	Board Executive Committee members
Board Long-Term Incentive Plan Committee Assessment	Board Long-Term Incentive Plan Committee members

Based on the results and comments gathered from the questionnaires, several positive highlights were identified and clustered into the following four categories:

- Board configuration and rigour of Board deliberation
- Strategic planning and direction
- Corporate governance, ethics and integrity
- Financial administration and vigilance

There were also a number of improvement considerations highlighted, clustered into the following four categories:

- Succession planning and board diversity
- Risk oversight
- Information flow and Board administration
- Information system, technological adeptness and resilience

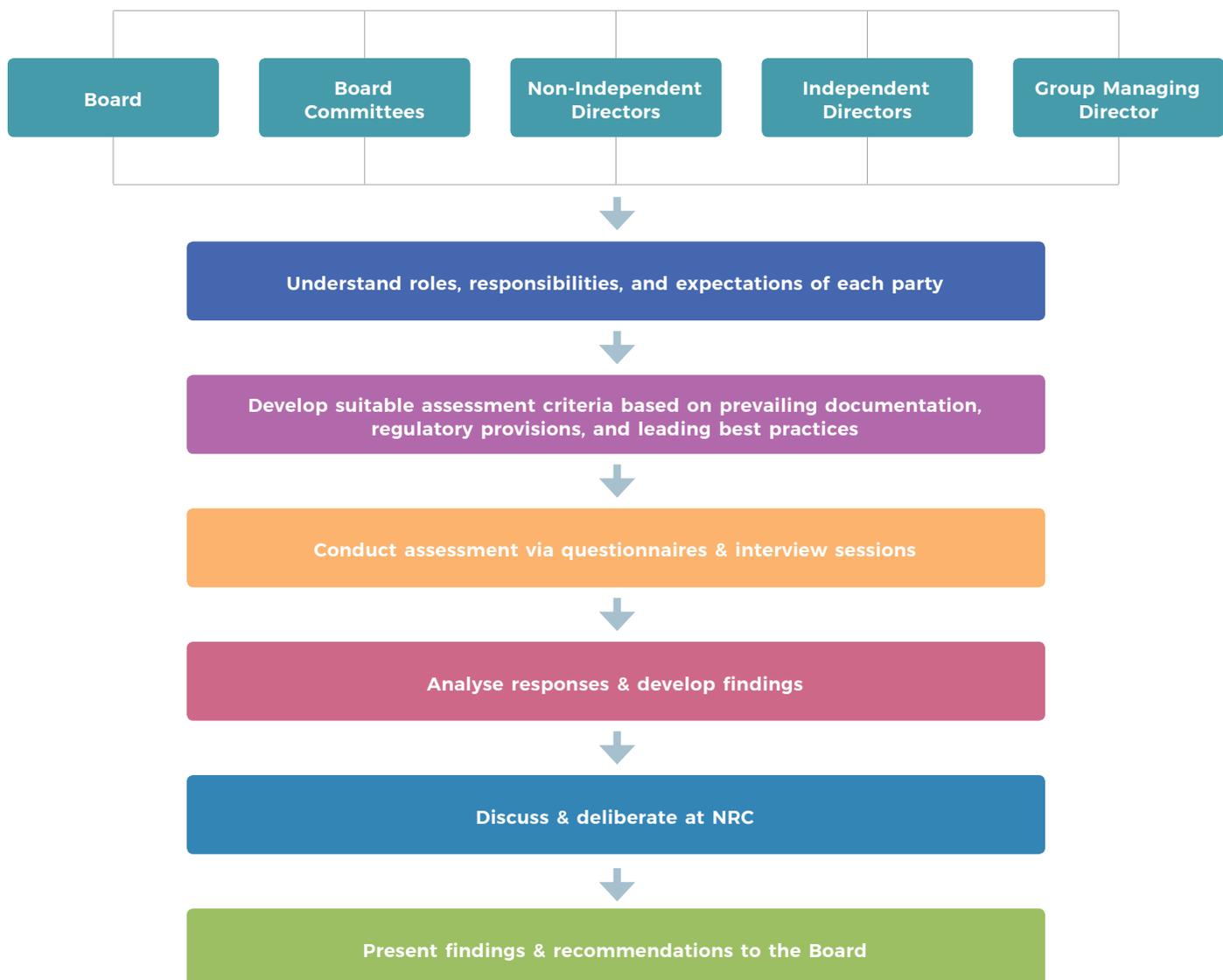
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In evaluating the effectiveness of each particular assessment topic, the assessment forms were developed based on regulatory provisions as well as emerging and leading practices customised to the needs of MRCB.

The assessment results were reviewed by the Nomination & Remuneration Committee and presented to the Board of Directors. Overall, the results of the evaluation were favourable.

**ANNUAL BOARD EFFECTIVENESS EVALUATION (BEE) EXERCISE**

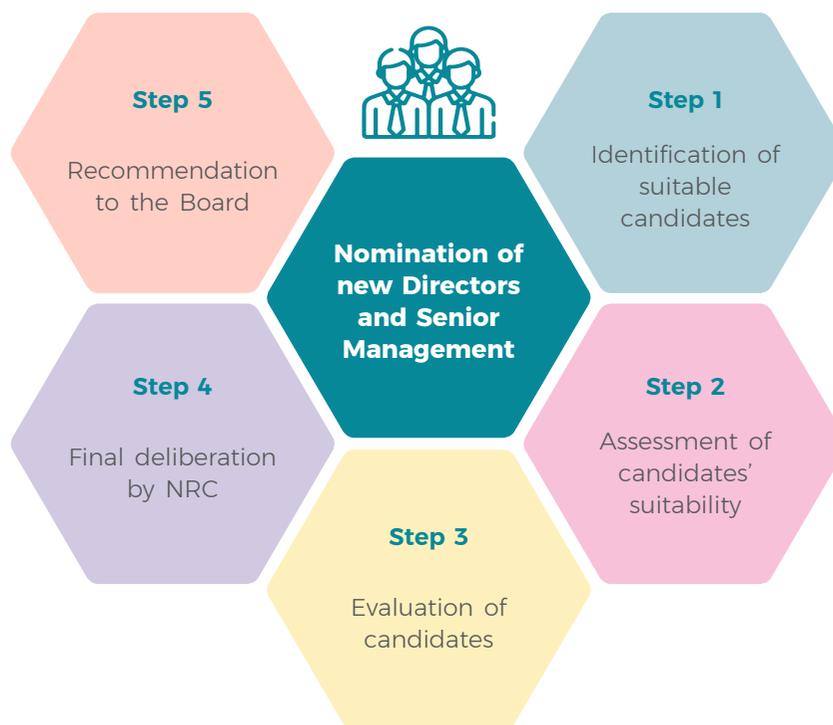


## APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Nomination & Remuneration Committee (NRC) identifies, assesses and recommends to the Board for its approval, suitably qualified candidates for the Board, the Committees of the Board, subsidiaries and associate companies of the Group. In line with Company policy, such assessments take into consideration the character, experience, integrity, competence, time commitment, independence, special knowledge or technical skills of the candidate, along with a focus on diversity in terms of gender, race, age, culture and socio-economic background. The NRC recommends to the Board the composition of the Board, where amongst others, a majority of the Board comprises Independent Directors and the Chairman of the Board is not an Executive Director. The Company Secretary coordinates with the NRC on orientation sessions to welcome incoming directors and ease their onboarding process. The NRC also identifies and

recommends to the Board for its approval, candidates for appointment as the Group Managing Director, Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer. The NRC may appoint independent advisors to identify suitably qualified candidates.

The NRC also recommends to the Board, candidates for re-election and/or re-appointment as directors by shareholders at the annual general meeting under the annual re-election or retirement provisions of the relevant laws, having regard to their performance and ability to continue to contribute to the Board in light of their knowledge, skills and experience based on the annual Board assessment, as well as the re-appointment/renewal of the contracts of the Group Managing Director, Group Chief Financial Officer, Group Chief Operating Officer and Chief Corporate Officer.



## REMUNERATION

### Directors' Remuneration

Directors' remuneration is governed by the Group's Remuneration Policy and Procedures for Board of Directors and Key Senior Management, which is available on the Company's website, [www.mrcb.com](http://www.mrcb.com). The objective of this Remuneration Policy is to determine the level of remuneration packages of the Directors and the Senior Management of MRCB, to attract and retain experienced, qualified, high-calibre key talent with competitive remuneration packages to drive the business, strategy, objectives, values and long-term interests of MRCB. Remuneration packages should be commensurate with, and reflect the level of responsibility, accountability and experience required in the position, and encourage value creation for MRCB and its stakeholders.

On an annual basis, the NRC reviews the remuneration packages of the key Senior Management and if applicable, recommends to the Board any changes required. In addition to basic salary and allowances, remuneration for key Senior Management is linked to the long-term interests of the Company via the Long-Term Incentive Plan (LTIP), a deferred bonus scheme that grants shares upon successful achievement of Company-level key performance measures. It is the responsibility of the Board as a whole to approve the remuneration packages.

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The NRC reviews the remuneration packages of the Non-Executive Directors at least once in every three years based on industry and market rates, and thereafter makes its recommendation to the Board for endorsement, prior to tabling to the Company's shareholders for their approval at the Annual General Meeting. The Non-Executive Directors receive a fixed-base fee, plus meeting allowances and other benefits-in-kind as consideration for their Board duties. The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at the General Meeting. Remuneration of Non-Executive Directors is not linked to individual performance.

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 necessary 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.

As the Directors do not receive any remuneration from any 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 & SOCSO (RM)	Leave Passage (RM)	Allowance (RM)	Car Allowance (RM)	Other Remuneration & Benefits -In-Kind (RM)	LTIP (RM)	Total (RM)
<b>Independent Chairman</b>									
Tan Sri Azlan Mohd Zainol	200,000	-	-	-	152,000	-	9,996	-	361,996
<b>Non-Independent Non-Executive Directors</b>									
Rohaya Mohammad Yusof	150,000	-	-	-	60,000	-	-	-	210,000
Dato' Mohamad Nasir Ab Latif	150,000	-	-	-	159,000	-	-	-	309,000
<b>Group Managing Director</b>									
Mohd Imran Mohd Salim	-	1,320,000	288,829	30,792	-	120,000	60,045	485,392	2,305,057
<b>Independent Directors</b>									
Jamaludin Zakaria	150,000	-	-	-	92,000	-	13,114	-	255,114
Hasman Yusri Yusoff	150,000	-	-	-	89,000	-	32,396	-	271,396
To' Puan Janet Looi Lai Heng	150,000	-	-	-	81,000	-	-	-	231,000
<b>Total</b>	<b>950,000</b>	<b>1,320,000</b>	<b>288,829</b>	<b>30,792</b>	<b>633,000</b>	<b>120,000</b>	<b>115,551</b>	<b>485,392</b>	<b>3,943,563</b>

## Senior Management's Remuneration and Shareholdings

Details of the top five (5) Senior Management's remuneration for financial year ended 31 December 2019 are set out below. These include basic salary, bonuses, benefits-in-kind, statutory contributions, and other emoluments.

### TOP FIVE SENIOR MANAGEMENT'S REMUNERATION

Senior Management	Role	Remuneration (RM)
Mohd Imran Mohd Salim	Group Managing Director	* Please refer to Director's Remuneration table on page 100
Ann Wan Tee	Group Chief Financial Officer	2,175,095
Kwan Joon Hoe	Group Chief Operating Officer	2,096,107
Amarjit Singh Chhina	Chief Corporate Officer	1,651,727
Raymond Cheah Ho Chee	Chief Executive Officer, Property Development & Investment	1,756,537

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

### SENIOR MANAGEMENT'S SHAREHOLDINGS

Senior Management	Number of ordinary shares			
	Balance as at 01.01.2019	Acquisition during the year	Disposal during the year	Balance as at 31.12.2019
Mohd Imran Mohd Salim	266,400	661,100	459,300	468,200
Kwan Joon Hoe	232,200	517,100	200,200	549,100
Ann Wan Tee	249,800	556,900	0	806,700
Amarjit Singh Chhina	496,200	424,100	920,300	0
Cheah Ho Chee	0	98,300	98,300	0

Senior Management	Number of warrants B over ordinary shares			
	Balance as at 01.01.2019	Acquisition during the year	Disposal during the year	Balance as at 31.12.2019
Amarjit Singh Chhina	33,921	0	33,921	0

## ENSURING INTEGRITY AND GOVERNANCE

### CORPORATE GOVERNANCE OVERVIEW STATEMENT



#### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

##### AUDIT & RISK MANAGEMENT COMMITTEE (ARMC)

The Audit & Risk Management Committee assists the Board in fulfilling its risk governance and oversight responsibilities over the activities of the Group. The Chairman of the ARMC, Hasman Yusri Yusoff, is a member of the Malaysian Institute of Accountants (*further details of his profile can be found on page 78*). All current members of the ARMC are Independent Directors. The ARMC is governed by a Terms of Reference document, obtainable from the Company's website, which clearly sets out the Committee's authority, roles and responsibilities. Further details of the activities of the ARMC are disclosed in the Audit & Risk Management Committee Report on pages 117 – 120.

##### 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, together with the adequacy and effectiveness of said framework, are disclosed in the Statement on Risk Management & Internal Control on pages 108 – 116.

The Group has an internal audit function, performed by the Group Internal Audit Department, which reports functionally to the ARMC and administratively to the Group Managing Director. The principal role of the Group Internal Audit Department is to undertake audits and reviews to evaluate the effectiveness of internal controls, governance and risk management processes so as to provide an independent and objective assurance to the Board and Management on the adequacy and integrity of the Group's internal control systems. Further information on the internal audit function is disclosed in the Audit & Risk Management Committee Report on pages 117 – 120.

The Group also has a Group Risk Management Department, which facilitates the implementation and maintenance of the Group's risk management framework and risk register. The Group Risk Management Department facilitates, coordinates and monitors the risk management initiatives of the Group. Further information on the Group's Risk Management initiatives are disclosed in the Audit & Risk Management Committee Report on pages 117 – 120, as well as the Statement on Risk Management & Internal Control on pages 108 – 116.

##### FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and meaningful assessment of the Group's financial position to the shareholders, investors, regulatory authorities and other stakeholders. The quarterly results and financial statements are reviewed by the ARMC and recommended to the Board

for approval. The Board has also established a formal and transparent relationship with the external auditor through the ARMC. The ARMC meets regularly with the external auditor to discuss and review the audit plan, annual financial results and reports of examination and any audit findings that are highlighted by the external auditor for the ARMC's attention.



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

Ongoing engagement and communication with stakeholders are 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 is achieved through various means, such as press conferences, press releases, publication of information on the Company's website and on social media, and engagement forums and meetings. A table detailing how we engage and address the concerns of various stakeholders can be found on pages 34 – 37 of this Integrated Annual Report.

##### INVESTOR RELATIONS (IR)

In supporting our strategy for long-term growth and sustainability, MRCB strives to continuously cultivate a strong relationship with its shareholders and investors. Throughout 2019, we engaged in active dialogue through a structured plan of IR activities.

Accessibility in an ever-changing investment climate is also important. In recognising this, we ensure that we respond to daily queries from investors and analysts through our dedicated IR team, corporate website at [www.mrcb.com](http://www.mrcb.com) and our IR app. Our corporate website and IR app contain 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, be it at our offices or through local and international conferences, were the main avenue for MRCB to directly engage with institutional investors, investment analysts and brokers in 2019. In line with the timely release of MRCB's quarterly results announcements, we also 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 IR team also ensures that the Quarterly Results Analysts' Briefings presentations are uploaded in a timely manner on the Company's website, to ensure that all shareholders have access to the same information immediately.

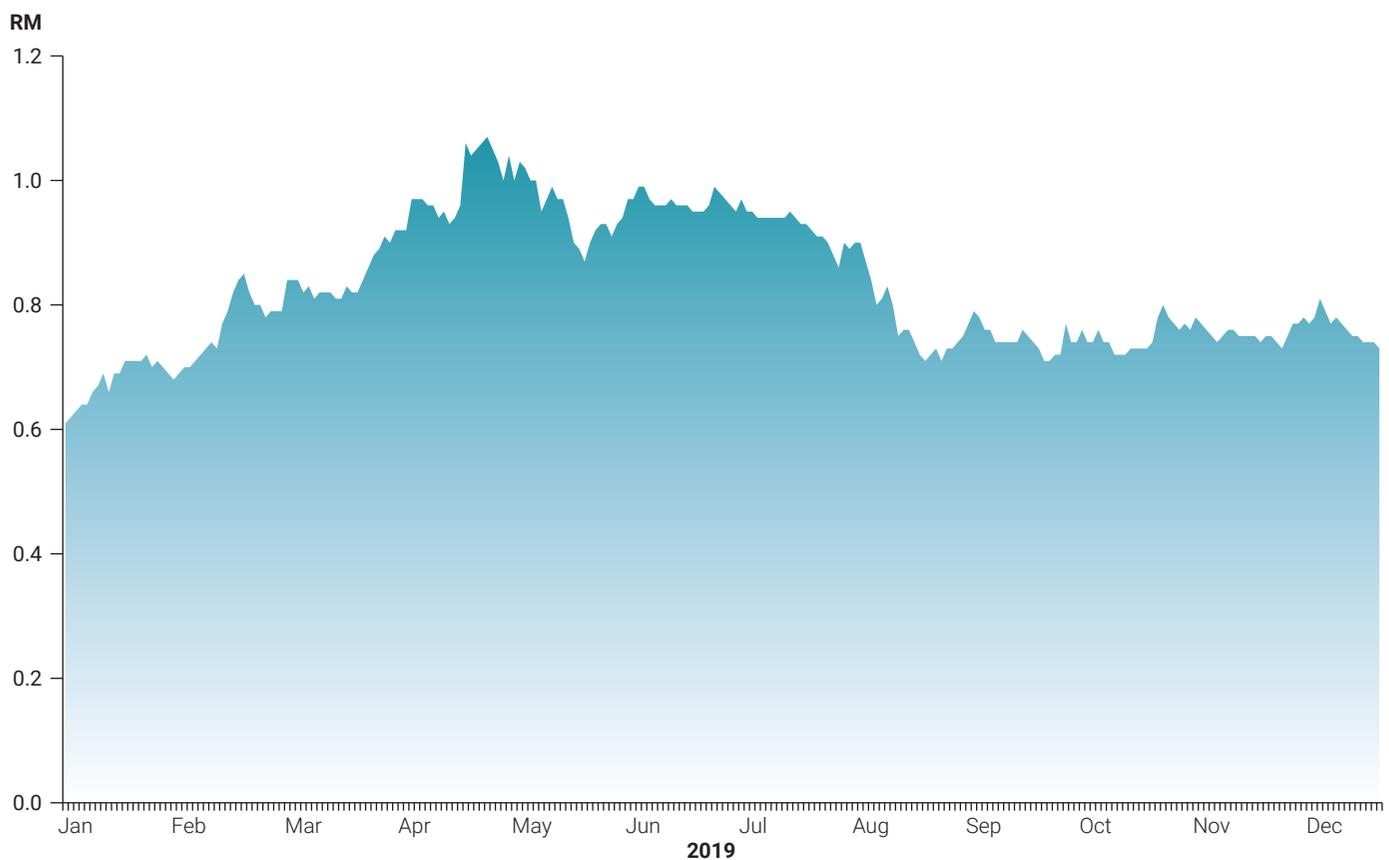
As part of our efforts to provide better insights into our business and ongoing projects, we also conducted site visits for analysts and fund managers.

The IR team also worked closely with the Group's Corporate Communications Department in ensuring accessibility to MRCB's Senior Management Team, and a press conference was conducted after the 48<sup>th</sup> Annual General Meeting.

MRCB is a corporate member of the Malaysian Investor Relations Association (MIRA) and Minority Shareholders Watch Group (MSWG). These memberships enable MRCB to 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 and be accessible to answer any questions.



### MRCB Share Price Movement



## 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 31 December 2019, the Company is proposing a first and final single tier dividend of 1.00 sen per ordinary share.

### 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 strategy, 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.

As required under Bursa Malaysia Securities Berhad's 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 2019, the 48<sup>th</sup> Annual General meeting was held on 30 May 2019 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) and will continue to evaluate efforts to address the 3 remaining departures.

Though we have made large strides in incorporating established best practices within our corporate governance in recent years, as demonstrated by our steady rise across multiple external benchmarks, the Board remains cognizant of the fact that having the best policies, processes, and structures in place is merely half the governance battle. For sustained compliance to be a reality, the continued development of our people will be paramount.

Our key focus for the future will therefore be on inculcating a culture of integrity within our diverse workforce. While cultural evolution will certainly be challenging, the Board views this as a crucial step in our ongoing journey to become a leading organisation that **sets the standard** in terms of value creation for all our stakeholders.

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 26 February 2020.