

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 6459  
**COMPANY NAME** : MNRB Holdings Berhad  
**FINANCIAL YEAR** : FYE March 31, 2018

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on application of the practice</b>	<p>The Board of MNRB Holdings Berhad ("MNRB") is responsible to lead and control the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company and its stakeholders. The Directors discharge their roles and duties with integrity, honesty and professionalism.</p> <p>The Board is principally responsible for:</p> <p><b>Strategy Setting</b></p> <p>The Board reviews and approves business strategies, financial performance, major capital and operating budget and matters of policy. The Board monitors the management's performance in implementing the adopted strategies and it provides relevant direction and advice, where necessary, to ensure the achievement of the Company's objectives.</p> <p>During the financial year 2017/2018, an off-site Board meeting was held in January 2018, to gain a deeper understanding of the MNRB Group's operations. This off-site meeting had offered a good opportunity for the Board to meet with the Group's Senior Management members to understand the challenges that they are encountering, and to offer support as appropriate. It also sets the direction on the Group's budget prior to Management tabling the same 2-months later.</p>

	<p><b>Management of the Company</b></p> <p>The Board reviews management performance, ensuring that the Company is properly managed.</p> <p>In carrying out his task, the President &amp; GCEO is supported by the Group Management Committee (“GMC”), which comprised the President &amp; GCEO as the Chairman and the President &amp; CEOs of the key operating subsidiaries. The GMC provides summary of the Group and the Company’s issues and financial performances to the Board every quarter.</p> <p>The Head, Compliance Management provides the Board with a report on the Group’s and Company’s compliance with statutory obligations as well as relevant rules and regulations. Non-compliance incidents and action plans to remedy are tabled to the Board for information or approval, if any.</p> <p><b>Risk Management</b></p> <p>The Board ensures that principal risks are identified and adequate mitigating action plans are put in place. In ensuring risk assessment and control, the Risk Management Committee of the Board (“RMCB”) has been entrusted with providing oversight and governance of risk for the Company. The Balanced Scorecard is presented to the RMCB and the Board every quarter.</p> <p>The Statement of Risk Management and Internal Control is disclosed in the Company’s Annual Report 2018.</p> <p><b>Succession Planning</b></p> <p>The Board is responsible to ensure candidates for the post of President &amp; GCEO and other key roles are of high calibre. The Board shall have in place a succession planning strategy in replacing senior management, when necessary.</p> <p>A brief summary on succession planning is disclosed in the Company’s Sustainability Statement in the Annual Report 2018.</p> <p><b>Integrity of Internal Control</b></p> <p>The Board reviews the adequacy and integrity of the Company’s internal control system on a regular basis and ensures that there is an effective and satisfactory framework for reporting internal financial controls and regulatory compliance. In addition, the Board has established and ensures the effective functioning of an Audit Committee and Internal Audit department.</p>
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	<p>Aside from its principle duty, the Board also ensures that all its Directors attend trainings and knowledge sharing sessions to continuously build upon their operational knowledge.</p> <p>The Board delegates review functions to the various Board Committees it has established, details of which are disclosed in the Company's Annual Report 2018. To ensure a more holistic review and oversight, the Chairman of each Board Committee provides report and recommendations to the Board on issues and matters raised at their respective meetings for the Board's further consideration.</p>
<b>Explanation for departure</b>	Not Applicable (NA)
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 1.2**

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

Application :	Applied
<p><b>Explanation on application of the practice</b></p>	<p>Dato Sharkawi Alis, a Non-Independent Non-Executive Director (“NINED”) has been the Chairman of the Company since 30 September 2007.</p> <p>The Chairman leads the Board and is also responsible for its performance. Together with the rest of the Board members, the Chairman sets the policy framework and strategies to align business activities with the Group’s objective. He ensures orderly conduct and proceedings of the Board, where healthy debate on issues being deliberated is encouraged to reflect an appropriate level of independence.</p> <p>In addition, the Chairman cultivates a healthy working relationship with the President &amp; GCEO and provides the necessary support and advice as appropriate. The Chairman continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to all the stakeholders.</p> <p>The Chairman’s profile can be found in the Company’s Annual Report 2018 and the detailed role and responsibilities of the Chairman are mentioned in the Board Charter, as disclosed on the Company’s corporate website.</p>
<p><b>Explanation for departure</b></p>	<p>NA</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>NA</p>
<p><b>Timeframe</b></p>	<p>NA</p>

**Intended Outcome**

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

**Practice 1.3**

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

Application :	Applied
<p><b>Explanation on application of the practice</b></p>	<p>The roles and responsibilities of the Chairman and the President &amp; GCEO are separated with a clear division of responsibilities as defined in the Board Charter.</p> <p>This distinction is to provide better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach facilitates efficiency and expedites decision making.</p> <p>The Chairman and the President &amp; GCEO are not related to each other.</p> <p>Mohd Din Merican has been the President &amp; GCEO since 9 January 2012. The President &amp; GCEO is mainly accountable for the day-to-day management to ensure the smooth and effective running of the Company and the Group. He is also responsible for the implementation of policies and Board decisions as well as coordinating the development and implementation of corporate strategies.</p> <p>The President &amp; GCEO also ensures that the financial management practice is at the highest level of integrity and transparency for the benefit of the shareholders and that the affairs of the Company are performed in an ethical manner.</p> <p>The President &amp; GCEO's profile can be found in the Company's Annual Report 2018.</p>
<p><b>Explanation for departure</b></p>	<p>NA</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>NA</p>
<p><b>Timeframe</b></p>	<p>NA</p>

## Intended Outcome

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

### Practice 1.4

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

Application :	Applied
<p><b>Explanation on application of the practice</b></p>	<p>The Board is supported by qualified and competent Company Secretaries, namely Norazman Hashim, a member of Malaysian Institute of Accountants (MIA0005817) and Lena Abd Latif, a licensed Company Secretary by the Companies Commission of Malaysia (LS0008766).</p> <p>The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Directors and Management.</p> <p>The Company Secretaries also serve notices to the Directors and all staff on the closed period for trading in MNRB shares, in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Listing Requirements.</p> <p>In addition to acting as the custodian of the Company's and the Group's statutory records, the Company Secretaries serve and advise the Board on matters relating to the affairs of the Board and good corporate governance practices.</p> <p>In promoting good corporate governance practices, the Company Secretaries assist the Board and Senior Management on meeting with regulatory requirements and best practices specifically pertaining to Board governance.</p>
<p><b>Explanation for departure</b></p>	<p>NA</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>NA</p>
<p><b>Timeframe</b></p>	<p>NA</p>

### Intended Outcome

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

### Practice 1.5

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on application of the practice</b>	<p>Prior to Board meetings, every Director receives a one-month (1) meeting Notice. Subsequently, the agenda for Board meetings together with Board papers are furnished to the Directors not less than three (3) working days prior to the Board meeting. This allows time for the Directors to review the Board papers and facilitates full discussion at the Board meeting. Sufficient time is given to the Directors to enable them to obtain further explanations, where necessary, so that there will be full participation by Directors at the meeting.</p> <p>The Board papers include the following:-</p> <ul style="list-style-type: none"><li>• Reports by the various Board Committees on issues deliberated at the respective Board Committee meetings;</li><li>• Financial Statements Report of the Group and the Company' performance; and</li><li>• Compliance reports.</li></ul> <p>Proper guidelines have been given to Management pertaining to the content, presentation style and delivery of papers to the Board to ensure adequate information is disseminated to the Directors. In the event if the papers are not prepared in accordance with the format above or are incomplete, the Company Secretaries will assist to liaise with the originator to ensure adherence to the same.</p> <p>The Board meeting papers contain information in a form and of a quality appropriate to enable the Board to discharge its duties effectively. In order to maintain confidentiality, Board meeting papers are distributed with special password.</p>



	<p>The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation and upon receiving confirmation from all the members at the Board meetings. The minutes are signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</p> <p>The Chairman with the assistance of the Company Secretaries ensures that clear and accurate minutes of Board meetings which include the key deliberations, rationale for each decision made, and any significant concerns or dissenting views are recorded. The Company Secretaries ensure that Board meeting decisions are disseminated to the President &amp; GCEO and the relevant Heads of Department in a timely manner so that necessary actions can be taken by them.</p>
<b>Explanation for departure</b>	NA
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

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

**Practice 2.1**

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

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

Application :	Applied
<p><b>Explanation on application of the practice</b></p>	<p>The Board had formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set by the regulatory authorities. The Board Charter will be reviewed, when necessary, to incorporate updates and enhancements to the existing rules and regulations. In line with Bank Negara Malaysia (“BNM”)’s Policy Document on Corporate Governance (“PD CG”) issued in August 2016, the Board Charter was last revised in June 2017 taking into consideration the requirements under the PD CG.</p> <p>The amendments to the Board Charter included the rearrangements of the paragraphs for better flow and the inclusion of relevant requirements under the PD CG.</p> <p>The Board Charter is available on the Company’s website at <a href="http://www.mnrb.com.my">www.mnrb.com.my</a>.</p>
<p><b>Explanation for departure</b></p>	<p>NA</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>NA</p>
<p><b>Timeframe</b></p>	<p>NA</p>

**Intended Outcome**

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

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

**Practice 3.1**

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

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on application of the practice</b>	<p>The MNRB’s Code of Conduct for employees (“Code of Conduct”) is incorporated in the MNRB’s Scheme of Service, for strict adherence by all employees.</p> <p>The said Code of Conduct stipulates, amongst others, that its officers must conform strictly to the laws and regulations of Malaysia along with the accepted standards of business ethics as set out therein.</p> <p>The stipulations in the said Code of Conduct include within its purviews the restrictions on solicitation and/or acceptance of corrupt payments, making of corrupt payments, acceptance and payment of commission along with restrictions on gifting and entertainment by the Company’s officers.</p> <p>In addition to the Code of Conduct, the Company also has in place its Whistleblowing Policy together with the Fit &amp; Proper Policy and Related Party Transaction Policy to govern the conduct of its officers.</p> <p>Whilst for the Directors, they are required to observe the Directors’ Code of Ethics outlined as follows:</p> <ol style="list-style-type: none"> <li>1. Compliance at all times with the Code of Ethics and the Board Charter.</li> <li>2. Observe high standards of corporate governance at all times.</li> <li>3. Adhere to the principles of integrity, objectivity, accountability, openness, honesty and leadership.</li> <li>4. Act in good faith and in the best interest of the Company.</li> <li>5. Not misuse information gained in the course of duties for personal gain or for political purpose, nor seek to use the opportunity of the service as Directors to promote their private interests or those of connected persons, firms, businesses or other organisations.</li> </ol>

	<p>6. Uphold accountability at all times. This includes ensuring that the Company’s resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all times.</p> <p>7. Declaration of any personal, professional or business interests that may conflict with Directors’ responsibilities. Guidance on declaration and registration of interests is given in the section entitled “Declaration of Interests”.</p> <p>8. Follow the guidelines on acceptance of gifts and hospitality as stated in the section entitled “Guidelines on Acceptance of Gifts”.</p>
<b>Explanation for departure</b>	NA
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

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

**Practice 3.2**

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

Application :	Applied
<p><b>Explanation on application of the practice</b></p>	<p>MNRB is committed to carrying out its business in accordance with the highest standards of professionalism, honesty, integrity and ethics. Accordingly, it has established a Whistleblowing Policy with the following objectives: -</p> <ol style="list-style-type: none"> <li>1. To help develop a culture of accountability and integrity within the Company and the Group;</li> <li>2. To provide a safe and confidential avenue for all employees, external parties and other stakeholders to raise concerns about any misconduct;</li> <li>3. To reassure whistleblowers that they will be protected from detrimental action or unfair treatment for disclosing concerns in good faith; and</li> <li>4. To deter wrongdoing and promote standards of good corporate practices.</li> </ol> <p>This Policy governs the disclosures, reporting and investigation of misconduct within the Company and the Group as well as the protection offered to the persons making those disclosures (whistleblowers) from detrimental action in accordance with the Whistleblower Protection Act, 2010.</p> <p>It is the Company’s objective to encourage its employees and external parties to disclose any misconduct, and to fully investigate reports and disclosures of such misconduct, as well as to provide the whistleblower protection in terms of confidentiality of information, and to safeguard the whistleblower from any act of interference that may be detrimental to the whistleblower. The Company assures whistleblowers that all reports will be treated with strict confidentiality and upon verification of genuine cases, prompt investigation will be carried out.</p>

	<p>The official avenues for disclosure by the whistleblower are via any of the following recipients: -</p> <ol style="list-style-type: none"><li>1. The Chairman of MNRB;</li><li>2. The Chairman of the Audit Committee of MNRB; or</li><li>3. The President &amp; GCEO.</li></ol> <p>The disclosure of misconduct or wrongdoing shall be made in writing via email to <a href="mailto:disclosure@mnr.com.my">disclosure@mnr.com.my</a>. The Policy and relevant form can be accessed at the Company's website <a href="http://www.mnr.com.my">www.mnr.com.my</a>.</p>
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 4.1**

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

Application :	Applied
<p><b>Explanation on application of the practice</b></p>	<p>The Board comprises members with relevant expertise and experience drawn from business, financial and technical fronts which strengthened leadership and management.</p> <p>The Board comprises nine (9) members of whom eight (8) members are Non-Executive Directors, including the Chairman. Six (6) of these members are INEDs, two (2) are NINEDs (including the Chairman) and one (1) is a NIED (i.e. the President &amp; GCEO) (until 30 June 2018).</p> <p>By virtue of this composition, the Company is in compliance with:</p> <ol style="list-style-type: none"> <li>1. Paragraph 15.02 of the Listing Requirements which requires at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, to be independent;</li> <li>2. Paragraph 11.3 of the PD CG which requires that the Chairman of the Board to be a Non-Executive Director; and</li> <li>3. Paragraph 11.4 of the PD CG which requires the Board to comprise not more than one Executive Director.</li> </ol> <p>Besides complying with existing rules and regulations on the Board's composition (including independence), the Board believes that such a size would promote effective deliberation, encourage the active participation of all its Directors and allows the work of its various Board Committees to be discharged without giving rise to an over- extension of time and commitment of each Director who may be required to serve on multiple Board Committees.</p>
<p><b>Explanation for departure</b></p>	<p>NA</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>NA</p>
<p><b>Timeframe</b></p>	<p>NA</p>

**Intended Outcome**

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

**Practice 4.2**

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

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

<b>Application :</b>	<b>Not applicable - Step Up 4.3 adopted</b>	
<b>Explanation on application of the practice</b>	NA	
<b>Explanation for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	NA	
<b>Timeframe</b>	NA	



**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	MNRB's Board Charter clearly states that a Director may serve as an Independent Director of the Board for a period not exceeding nine (9) years (excluding the year of appointment) except under exceptional circumstances as approved by BNM. Additionally, pursuant to the BNM's PD CG, a financial institution must obtain the prior approval of BNM before the removal or resignation of an independent director takes effect.
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 4.4**

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

Application :	Applied
<p><b>Explanation on adoption of the practice</b></p>	<p>The Board is committed to ensuring diversity and inclusiveness in its composition and deliberations and the Group embraces the proposition that having a diverse Board would have a positive, value- relevant impact on the Group. In this regard, the Board comprises members with relevant expertise and experience drawn from business, financial and technical fronts which strengthened leadership and management.</p> <p>The appointment of new Board members is considered and properly evaluated by the Nomination Committee. Upon completing this process, the Nomination Committee shall recommend the proposed appointment to the Board for its deliberation and approval. In making these recommendations, the Nomination Committee assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, as well as professionalism, integrity including financial integrity, competencies and other qualities, before recommending them to the Board for appointment. An engagement session is always held between members of the Nomination Committee and the candidate prior to tabling its recommendation to the Board.</p> <p>The Nomination Committee and the Board will devote sufficient time to review, deliberate and finalise the selection of Directors. In this aspect, the Company Secretaries will ensure that all the necessary information is obtained and relevant legal and regulatory requirements are complied with. Here, the Board is also guided by the Fit and Proper Policy for Key Responsible Persons.</p>
<p><b>Explanation for departure</b></p>	<p>NA</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>NA</p>
<p><b>Timeframe</b></p>	<p>NA</p>

**Intended Outcome**

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

**Practice 4.5**

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	<p>The Board takes cognisance of the recommendation to ensure that the majority of its Directors are Independent Directors as well as to have diversity in terms of gender and ethnicity in the Board. The Board has established a Policy on Gender Diversity and has embraced the recommendations of having at least 30% women representation on the Board.</p> <p>In advancing the gender diversity agenda, the Board currently has 3 female members, representing 33% of the total Board Members. The 3 female members on the Board provide the Board with gender diversity that serves to bring value to Board discussions from the different perspectives and approaches of the female Directors.</p>
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	<p>Apart from recommendations made by Management and major shareholders, the Company also leverages on the Independent Directors' network to source for new candidates for Board appointments and is overseen by the Board Nomination Committee.</p> <p>This is the approach taken over the years for nomination of the Company's suitably qualified candidates as new directors.</p> <p>Nevertheless, the Company is also considering other independent sources such as the 30% Club and reputable recruitment agencies to source for candidates.</p>
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	The Nomination Committee is chaired by an INED, Rosinah Mohd Salleh. Her profile can be found in the Company's Annual Report 2018.
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 5.1**

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

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	<p>The Board undertakes a formal and transparent process, upon completion of every financial year, to assess the effectiveness of their fellow directors, the Board as a whole and the performance of the Executive Director.</p> <p>The Board and individual Directors Evaluations are based on answers to a detailed questionnaire. The evaluation form is distributed to all Board members and covers topics which include, among others, the responsibilities of the Board in relation to strategic plan, fiscal oversight, risk management, Board composition and training needs.</p> <p>Other areas which are assessed include the contribution of each and every member of the Directors at meetings as well as meeting arrangements.</p> <p>The Nomination Committee, having deliberated the findings of the Board and individual Directors Evaluation, will report to the Board the results and highlight those matters that require further discussion and direction by the Board.</p>
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

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

**Practice 6.1**

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

Application :	Applied
<p><b>Explanation on adoption of the practice</b></p>	<p>The Remuneration Committee recommends to the Board the appropriate remuneration packages for the Directors and the key senior officers in order to attract, motivate and retain talents. The Remuneration Policy is to reward the Directors and the key senior officers competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, the Remuneration Committee takes into account comparable roles in similar organisations that may be of the same in size, market sector or business complexity. The Executive Director does not participate in any way in determining his individual remuneration.</p> <p>All Non-Executive Directors (NEDs) are paid Directors' fees, which are recommended by the Board and approved annually by the shareholders at the Annual General Meeting ("AGM"). The remuneration structure of NEDs of the Company is as follows:</p> <ul style="list-style-type: none"> <li>• Fees for duties as a Director and as a member of the various committees of the Board as well as additional fees for undertaking responsibilities as Chairman of the Board and the various Board Committees.</li> <li>• Meeting allowance for each meeting attended.</li> </ul> <p>The fees for NEDs are recommended by the Board to the shareholders after deliberating the recommendations by the RC. The meeting allowance for all NEDs is determined by the Board, which is now approved in advanced by the shareholders.</p> <p>The remuneration of the Group Shariah Committee ("GSC") members is decided by the Board. The meeting attendance allowance and annual fees of the GSC members are shared equally by subsidiaries of MNRB, namely Takaful Ikhlas Berhad (Takaful IKHLAS), Malaysian Reinsurance Berhad (for its Retakaful</p>

	<p>Division) and previously Sinar Seroja Berhad (formerly known as MNRB Retakaful Berhad.)</p> <p>Further details of total NEDs, President &amp; GCEO, GSCs and Board Appointees can be found in the Company's Annual Report 2018 whilst details of individual Directors fees for the financial year ended 31 March 2018 of MNRB Group can be found in Part B of this CG Report.</p>
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<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA



### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	<p>The Board has established a Remuneration Committee comprising four (4) INEDs including its Chairman.</p> <p>The composition of the Remuneration Committee, the profile of each member and details of meetings attended can be found in the Company's Annual Report 2018.</p> <p>The roles and responsibilities of the Remuneration Committee are set out in its Terms of Reference which is available at the Company's website at <a href="http://www.mnrb.com.my">www.mnrb.com.my</a></p> <p>During the financial year 2017/2018, the Remuneration Committee had reviewed and deliberated the following matters:-</p> <ol style="list-style-type: none"><li>1. The proposal on Collective Agreement 2016 – 2019;</li><li>2. The proposed Balance Scorecard/KPI and proposal linkages to Annual Increment and Bonus for financial year ended 31 March 2018;</li><li>3. The Annual Balanced Scorecard/KPI Report for the financial year ended 31 March 2017 &amp; Proposed Annual Increment and Bonus;</li><li>4. The proposed Terms of Reference of the Remuneration Committee;</li><li>5. The proposal to Streamline and Update the Scheme of Service for Executive and Confidential Staff in MNRB Group;</li><li>6. The proposal on Flexible Working Hours for Staff of MNRB Group; and</li><li>7. Directors' Fees for the Financial Year Ended 31 March 2018.</li></ol>

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

**Intended Outcome**

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

**Practice 7.1**

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	The details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year ended 31 March 2018 are disclosed in the Company's Annual report 2018.
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

### Intended Outcome

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

### Practice 7.2

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

<b>Application :</b>	<b>Departure</b>
<b>Explanation on adoption of the practice</b>	NA
<b>Explanation for departure</b>	The Board is of the opinion that it is not to the Company's advantage or best business interest for such disclosure considering the highly competitive market for talents in the insurance industry.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application :</b>	<b>Departure</b>
<b>Explanation on adoption of the practice</b>	NA
<b>Explanation for departure</b>	The Board is of the opinion that it is not to the Company's advantage or best business interest for such disclosure considering the highly competitive market for talents in the insurance industry.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	The Chairman of the Audit Committee is Arul Sothy Mylvaganam, an Independent Non-Executive Director, who is not the Chairman of the Company's Board.
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least 2-years before being appointed as a member of the Audit Committee.

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	None of the members of the Board are former key audit partners of the Group. As such, there is no such person being appointed as a member of the Audit Committee.
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application :</b>	<b>Applied</b>
<p><b>Explanation on adoption of the practice</b></p>	<p>MNRB has in place a process to consider the appointment/reappointment of the External Auditor, which is in line with BNM’s policy document BNM/RH/GL 018-4 <i>External Auditor</i>. The process requires the Audit Committee to assess the External Auditor’s compliance with qualification criteria set out by BNM, which includes evaluating the independence, objectivity and performance of the auditor.</p> <p>It is the practice of the Audit Committee to meet up with the external auditor to discuss its audit plan, audit findings and their views in respect of the true and fair view of the financial statements. At least two of these meetings are held without the presence of the Management and Internal Audit staff. Such engagement with the external auditor enabled the Audit Committee to evaluate its suitability, objectivity and independence.</p> <p>In terms of provision of non-audit services, whilst the external auditor is not precluded from consideration for the provision of advisory, consultancy or other types of non-audit services, due care is taken in the selection process in order to ensure that the appointment does not impede on the independence, quality and conduct of the statutory audit.</p> <p>Summary of Activities during the financial year:</p> <ol style="list-style-type: none"> <li>1. Reviewed and approved the External Auditor’s audit planning memorandum in November 2017;</li> <li>2. Met the External Auditor without the presence of the Management on 14 June 2017 and 16 November 2017 to discuss relevant issues and obtain feedback for improvements;</li> <li>3. Reviewed and recommended for Board’s approval the audit fees and provision of non-audit services by the External Auditor in accordance with established procedures; evaluated whether such non-audit services would impair the External Auditor’s independence and objectivity; and</li> </ol>



	<p>4. Completed the annual assessment on the External Auditor prior to recommendation to the Board on its reappointment; the principal areas assessed were in accordance to BNM’s policy document covering performance, independence and objectivity.</p> <p>Accordingly, the assessment undertaken, amongst others, covered:</p> <ul style="list-style-type: none"> <li>• Level of knowledge, capabilities experience and quality of previous work;</li> <li>• Level of engagement with the Audit Committee;</li> <li>• Ability to provide constructive observations, implications and recommendations in areas which require improvements;</li> <li>• Appropriateness of audit approach and the effectiveness of audit planning</li> <li>• Ability to perform the audit work within the agreed duration given;</li> <li>• Non-audit services rendered by the External Auditor so that it does not impede their independence; and</li> <li>• Auditor demonstrates unbiased stance when interpreting the standards/policy adopted by the Company.</li> </ul> <p>Being satisfied with Messrs. Ernst &amp; Young’s (EY) performance during the financial year ended 31 March 2017 on their technical competency and audit independence as well as fulfilment of criteria as set out in BNM’s policy document, the Audit Committee had on 14 June 2017 recommended the appointment of EY as External Auditor for the Financial Year ended 31 March 2018.</p> <p>The Board, at its meeting held on 22 June 2017, had approved the Audit Committee’s recommendation for the reappointment of EY as External Auditor of the Company for the Financial Year ended 31 March 2018. The shareholders’ resolution was sought under Ordinary Resolution 7.</p>
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	The Audit Committee comprises four (4) members of whom all are INEDs. The Company has complied with Paragraph 15.09 of the Listing Requirements, which requires all members of the Audit Committee to be NEDs with a majority of them being Independent Directors. Two (2) members of the Audit Committee are qualified Accountants and members of the Malaysian Institute of Accountants.
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.5**

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

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

Application :	Applied	
<b>Explanation on adoption of the practice</b>	<p>All members of the Audit Committee possess diverse skill sets and are financially literate and possess necessary knowledge and/or experience to review financial and non-financial reporting processes and matters deliberated before the committee.</p> <p>During the year, one (1) of the Audit Committee members had attended the MIA International Accountants Conference 2017 held from 7 to 8 November 2017.</p> <p>Details of each Audit Committee members can be found in Corporate Governance Overview Statement in the Company’s Annual Report 2018.</p>	
<b>Explanation for departure</b>	NA	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	NA	
<b>Timeframe</b>	NA	

**Intended Outcome**

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

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

**Practice 9.1**

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	The Board has established a sound risk management and internal control system as well as reviewing its adequacy and effectiveness.  Further details on the state of the Group's risk and internal controls can be found in the Statement on Risk Management and Internal Controls in the Company's Annual Report 2018.
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

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

**Practice 9.2**

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	The Board has disclosed the key features of its risk management and internal control system as well as its adequacy and effectiveness in the Statement on Risk Management and Internal Control in the Company's Annual Report 2018.
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application :</b>	<b>Applied</b>
<b>Explanation on adoption of the practice</b>	NA
<b>Explanation for departure</b>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 10.1**

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

Application :	Applied
<p><b>Explanation on adoption of the practice</b></p>	<p>The Internal Audit (IA) function is established by the Board to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management framework, internal control and governance processes implemented by Management.</p> <p>The IA function of MNRB and its subsidiaries (via outsourcing arrangements) is undertaken by the Internal Audit Department established at the holding company level and is headed by the Group Chief Internal Auditor (“GCI A”). The GCI A reports functionally to the Audit Committee and administratively to the President &amp; GCEO and is independent from the activities or operations of other operating units in the Group. The IA function is guided by the Audit Committee which defines the mission and objective, responsibility, accountability, authority, independence, objectivity and ethical standards of the IA function of the Group.</p> <p>The principal responsibility of Internal Audit is to undertake continuous testing and assessment on the effectiveness and efficiency of the risk management frameworks and the internal control systems in order to provide reasonable assurance that such frameworks and systems continue to operate efficiently and effectively.</p> <p>To ensure effective management and independence of the IA function, the Audit Committee is empowered by its Terms of Reference (TOR). The functions, duties and responsibilities of the Audit Committee are spelled out in the TOR, which is available on the Company’s website.</p>
<p><b>Explanation for departure</b></p>	<p>NA</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>NA</p>
<p><b>Timeframe</b></p>	<p>NA</p>

**Practice 10.2**

The board should disclose–

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

<b>Application :</b>	<b>Applied</b>
<p><b>Explanation on application of the practice</b></p>	<p>The Audit Committee is assisted by the Internal Audit Department (IAD) in the discharge of its duties and responsibilities. IAD is independent of operations.</p> <p>As at the financial year end, IAD is staffed by eighteen (18) auditors. Some of the IAD staff have professional qualifications such as the Association of Chartered Certified Accountants, Certified Internal Auditor, Certified Information Systems Auditor and Certified Fraud Examiner and are members of the Institute of Internal Auditors (“IIA”). With the exception of one (1) IAD staff who exercised the Company’s ESOS in 2004 and holds shares of the Company, the rest of the IAD staff are free from any relationship or conflict of interest. This does not result in the impairment of objectivity and independence of the internal audit function as a whole.</p> <p>The IAD’s duties are guided by prevailing internal policies and procedures and the IIA’s International Professional Practice Framework as well as professional standards set within the IIA’s Code of Ethics.</p> <p>Their primary responsibility is to provide assurance to the Audit Committee on the effectiveness of the governance, risk management and internal control process within the Company and its subscribing subsidiaries. Internal audit reports are issued to the Management of the operational units and they contain audit findings, management responses and recommendations for improvement in areas with risk and internal control deficiencies.</p>



	<p>Raja Zalman Tuah Raja Izzaham, the Group Chief Internal Auditor, is the person responsible for internal audit functions of MNRB Group. He is a Fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.</p> <p>A summary of Internal Audit Department activities during 2017/2018 can be found in the Statement on Risk Management and Internal Controls in the Company's Annual Report 2018.</p>
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

## Intended Outcome

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

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

### Practice 11.1

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

Application :	Applied
<p><b>Explanation on application of the practice</b></p>	<p>Several communication channels are used to promote effective communication between MNRB and its stakeholders.</p> <p><b>Annual Report</b></p> <p>MNRB's annual report provides comprehensive and up-to-date information about the MNRB Group, which includes among others, the Group corporate mission and philosophy, its leadership and management team, letter to stakeholders, corporate governance matters, information about the Group's business operations, sustainability report, the Group's financial performance, management discussion and analysis of the Group's financial performance, as well as the audited financial statements of the Group.</p> <p>The scope and extent of information disclosed in the annual report are in compliance with the Companies Act 2016, Malaysian Code of Corporate Governance 2017, Bursa Malaysia Main Market Listing Requirements and BNM Policy on Financial Reporting for Financial Institutions.</p> <p>An online version of current year annual report, together with an archive of past years' annual reports are made available for reference on the corporate website.</p> <p><b>Announcement of Quarterly Group Financial Results and Regulatory Announcement</b></p> <p>MNRB makes announcements of its quarterly group financial results to Bursa Malaysia. In addition to the announcements of the quarterly financial results, the Company also makes available its Interim Reports and 5-Year Financial Highlights for reference on the corporate website.</p>

	<p><b>Press Release</b></p> <p>MNRB issues press releases periodically and regularly to communicate with its stakeholders on the MNRB's quarterly financial results, corporate development and business initiatives to keep the stakeholders informed of the progress and strategic development of its business.</p> <p><b>General Meetings</b></p> <p>The AGM and EGM represent the primary platforms for direct two-way interaction between the shareholders, Board and management of the Group. Shareholder's approval is required on all material issues including, but not limited to, major mergers, acquisitions and divestments exercises, dividend payments, increase of Directors' fees, election/re-election and appointment/reappointment of Directors as well as the appointment of auditors.</p> <p>Additionally, the queries by the Malaysian Shareholders Watchdog Group on business or other pertinent governance issues raised prior to the meeting and the feedback are shared with all shareholders during the meeting. The results of voting of each resolution are also immediately announced to the shareholders in the meeting after the voting process. Summary minutes of the AGM/EGM including significant matters discussed at the meetings are also disclosed on MNRB Group's corporate website</p> <p><b>Group Corporate Website</b></p> <p>MNRB Group's corporate website provides easy access to the latest information about the Group. Information available on the corporate website includes MNRB's corporate profile, individual profiles of Directors and senior management, financial results and annual reports.</p> <p>In addition, the corporate website has a dedicated Investor Relations section that provides relevant investor-related information and also a section on Corporate Governance which consists of various materials including the Board Charter, Board Diversity Policy, Terms of References and Whistleblowing Policy and Procedure.</p>
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	<p><b>Investor Relations</b></p> <p>Investor Relations is an essential part of MNRB’s corporate governance framework which ensures that all stakeholders receive relevant, timely and comprehensive information about the Group. This facilitates the stakeholders in making informed decisions, be it in their dealings with the Group or in exercising their rights as shareholders. MNRB also maintains a website, which shareholders and the public in general can access to gain information about the Group at <a href="http://www.mnrb.com.my">www.mnrb.com.my</a>.</p>
<b>Explanation for departure</b>	NA
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application :</b>	<b>Applied</b>
	<p>MNRB has yet to fully adopt integrated reporting but has already integrated non-financial information into MNRB's Annual Report to facilitate shareholders and other stakeholders to better understand how the Company takes into account the connectivity and interdependency that have a material effect on MNRB's ability to create and sustain value over time.</p> <p>Nevertheless, the information disclosed in the annual report is in line with the fundamental elements which underpin integrated reporting and include the Company's strategy, governance, performance and prospects.</p>
<b>Explanation for departure</b>	NA
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	NA
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application :</b>	<b>Departure</b>
<b>Explanation on application of the practice</b>	<b>NA</b>
<b>Explanation for departure</b>	<p>MNRB dispatches the notice of its AGM to shareholders at least 21 days before the AGM, as per requirement under the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>In 2017, the Company held its 44<sup>th</sup> AGM on 24 August 2017 with the Notice and Agenda of the AGM delivered to the shareholders on 28 July 2017 (more than 21 days). The Notice and Agenda were also published in the local English and Bahasa Malaysia newspapers.</p> <p>The additional time given to shareholders allowed them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enabled the shareholders to consider the resolutions and made an informed decision in exercising their voting rights at the general meeting.</p>
<b>Explanation for departure</b>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	In line with best practice, MNRB will issue the Notice at least 28 days prior the AGM for this forthcoming 45 <sup>th</sup> AGM scheduled to be held on 13 September 2018.
<b>Timeframe</b>	NA

**Intended Outcome**

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

**Practice 12.2**

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

Application :	Applied	
<b>Explanation on application of the practice</b>	<p>In 2017, all the Company’s Directors attended the 44<sup>th</sup> AGM held on 24 August 2017 as well as the past AGMs.</p> <p>During the AGM, the Chairman provided fair opportunity and time to all shareholders to exercise their rights to raise questions and make recommendations. The Company’s external auditors will also be present at the AGM to respond to the shareholders’ enquiries on the conduct of the audit and the preparation and content of the auditors’ reports. Additionally, the President &amp; GCEO will share the Company’s responses to questions submitted in advance by the Minority Shareholder Watchdog Group (“MSWG”).</p> <p>The proceedings at the AGM were recorded in the summary minutes of the meeting and disclosed to shareholders on MNRB’s website together with MSWG Questions &amp; Answers within two (2) weeks after the meeting.</p>	
<b>Explanation for departure</b>	NA	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	NA	
<b>Timeframe</b>	NA	

**Intended Outcome**

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

**Practice 12.3**

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

- (a) including voting in absentia; and
- (b) remote shareholders’ participation at General Meetings.

<b>Application :</b>	<b>Departure</b>
<b>Explanation on application of the practice</b>	NA
<b>Explanation for departure</b>	<p>The Company has yet to facilitate voting in absentia and remote participation by shareholders at General Meetings. Currently, Resolutions passed during the General Meetings were arrived via e-polling to enable the shareholders to cast their votes. The appointed Poll Administrator was appointed to conduct the polling process. Nevertheless, the Board will continue to monitor developments in the market in respect of new technologies to facilitate the conduct of meetings remotely and may consider implementing the same in the future if there is a strong case for change.</p> <p>As an alternative to the recommended practice, shareholders who are unable to attend general meetings may in accordance with the Articles, appoint their respective proxies to vote on their behalf at all general meetings of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	The Company will be exploring the appropriate measures to facilitate greater participation by shareholders in the Company’s General Meetings by leveraging on technology.
<b>Timeframe</b>	NA



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

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

In line with the disclosure requirements per Bank Negara Malaysia (“BNM”) Policy on Corporate Governance issued on 3 August 2016, MNRB Holdings Berhad (“MNRB” or “the Company”) discloses its corporate governance (CG) practices mainly in the Annual Report, Sustainability Report and on its corporate website [www.mnrb.com.my](http://www.mnrb.com.my).

In relation to corporate governance disclosures per Appendix 4 of the BNM Policy, composition of its Board of Directors including the name and designation of each director, key personal details and background, the chair and members of each board committee, roles and responsibilities of the board and the board committees, and movement of directorship in MNRB during the financial year, are disclosed by the Company in the **Annual Report 2018**. Information of the current membership of the Board, the individual directors’ background and the Board Charter (which contains the roles and responsibilities of the board and the board committees) are also shared with member of the public on the Company’s website.

The Company also discloses the main features of its internal control framework, any reviews and assessments conducted on the framework during the financial year and also all the current key policies and procedures of the framework in its **Annual Report 2018**.

In respect of the training and education provided to the Board, including induction for new director, and detailed trainings attended by the Company’s directors, such disclosures are made under the CG Overview Statement in the **Annual Report 2018**. Under the CG Overview Statement and respective board committee report in the **Annual Report 2018**, the number of meetings conveyed by the board and each board committee including the attendance of each director during the financial year are also disclosed for greater transparency.

In line with the disclosure requirements per PD CG, the President & GCEO, Board Appointees and the Senior Management team’s remuneration are disclosed in the **Annual Report 2018** of the Company.

Below is the breakdown of the total individual Directors' fees of MNRB Group for the financial year ended 31 March 2018. The Directors fees (excluding benefits) is subject to the shareholders' approval at the 45<sup>th</sup> AGM of the Company under Ordinary Resolution No. 5: -

	Salary and bonus RM'000	Fees RM'000	Pension costs RM'000	Benefits- in-kind RM'000	Others RM'000	Total RM'000
<b>Group Directors Fees for the FYE 2018</b>						
<b>Executive director:</b>						
Mohd Din bin Merican	-	292	-	-	-	292
	-	292	-	-	-	292
<b>Non Executive Directors:</b>						
Dato Sharkawi bin Alis	-	400	-	-	-	400
Hijah Arifakh binti Othman	-	104	-	-	-	104
Mustaffa bin Ahmad	-	242	-	-	-	242
Rosinah binti Mohd Salleh	-	224	-	-	-	224
Arul Sothy A/L Mylvaganam	-	231	-	-	-	231
Noor Rida binti Hamzah	-	110	-	-	-	110
Md Adnan Md Zain	-	249	-	-	-	249
Hj. Nik Moustpha Nik Hassan	-	156	-	-	-	156
Datin Zaimah Zakaria	-	156	-	-	-	156
Zainudin Ishak	-	20	-	-	-	20
Johar bin Che Mat (Appointed with effect from 1 October 2017)	-	50	-	-	-	50
George Oommen (Appointed with effect from 1 January 2018)	-	21	-	-	-	21
Megat Dziauddin bin Megat Mahmud (Resigned with effect from 30 June 2017)	-	250	-	-	-	250
Paisol bin Ahmad (Retired with effect from 24 August 2017)	-	84	-	-	-	84
Yahaya Besah (Retired with effect from 3 July 2017)	-	16	-	-	-	16
Dr Syed Musa Syed Jaafar Alhabshi (Retired with effect from 22 July 2017)	-	16	-	-	-	16
	-	2,329	-	-	-	2,329
<b>Total Directors' Fees</b>	-	2,621	-	-	-	2,621

*This CG Report 2018 was approved by the Board of Directors of MNRB Holdings Berhad at its meeting held on 29 June 2018.*