

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3794
COMPANY NAME : Malayan Cement Berhad
FINANCIAL YEAR : June 30, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In May 2019, Malayan Cement Berhad ("MCB" or "Company") underwent a change of control following the acquisition by YTL Cement Berhad of a majority stake in the Company, upon which MCB became a subsidiary of YTL Cement Berhad, which is in turn an indirect subsidiary of YTL Corporation Berhad ("YTL Corp"), listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). As a result, changes were subsequently made to the composition, policies and governance structure of the Board of Directors ("Board") of MCB and its various Board committees, the details of which are set out in the <i>Corporate Governance Overview Statement</i> set out in the Annual Report.</p> <p>MCB was formerly known as Lafarge Malaysia Berhad and the change to its present name took effect from 26 September 2019.</p> <p>On 18 November 2019, MCB's financial year end was changed to 30 June from 31 December, previously, and, therefore, this statement covers the 18-month financial period from 1 January 2019 to 30 June 2020.</p> <p>The Board Board is firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries ("MCB Group"). The MCB Group is now also guided by the corporate culture of its parent company, YTL Corp, which has a long-standing commitment to corporate governance and protection of stakeholder value that has been integral to the achievements and strong financial profile of the YTL Group of Companies to date.</p> <p>The MCB Group's corporate governance structure is a fundamental part of the Board's responsibility to protect and enhance long-term shareholder value and the financial performance of the MCB Group, whilst taking into account the interests of all stakeholders.</p> <p>MCB is led and managed by an experienced Board with a wide and varied range of expertise to address and manage the complexity and scale of the MCB Group's operations.</p>

	<p>This broad spectrum of skills and experience ensures the MCB Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the MCB Group.</p> <p>Key elements of the Board's stewardship responsibilities include:</p> <ul style="list-style-type: none"> ▪ Reviewing and adopting strategic plans for the MCB Group to ensure long-term, sustainable value creation for the benefit of its stakeholders; ▪ Overseeing the conduct of the MCB Group's business operations and financial performance, including the economic, environmental and social impacts of its operations; ▪ Identifying and understanding the principal risks affecting the MCB Group's businesses in order to determine the appropriate risk appetite within which management is expected to operate ▪ Maintaining a sound risk management and internal control framework, supported by appropriate mitigation measures; ▪ Succession planning; and ▪ Overseeing the development and implementation of shareholder communications policies. 	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is led by the Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>On 19 June 2019, the Company announced the re-designation of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping as the Executive Chairman, following his appointment to the Board as an Executive Director on 17 May 2019.</p> <p>The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, the orderly and effective conduct of the meetings of the Board and shareholders, maintaining a relationship of trust with and between the Executive and Non-Executive Directors, ensuring the provision of accurate, timely and clear information to Directors, facilitating the effective contribution of Non-Executive Directors and ensuring that constructive relations are maintained between Executive and Non-Executive Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>On 19 June 2019, the Company announced the re-designation of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping as the Executive Chairman, following his appointment to the Board as an Executive Director on 17 May 2019. Dato' Sri Michael Yeoh Sock Siong was re-designated as the Managing Director on 30 May 2019, following his appointment as an Executive Director on 17 May 2019.</p> <p>There is a balance of power, authority and accountability between the Executive Chairman, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, and the Managing Director, Dato' Sri Michael Yeoh Sock Siong, with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Executive Chairman and Managing Director are separate and clearly defined, and are held by different members of the Board.</p> <p>The Managing Director is responsible for, amongst others, overseeing the day-to-day running of the business, implementation of Board policies and strategies, and making of operational decisions, serving as the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions, ensuring effective communication with shareholders and relevant stakeholders, providing strong leadership, i.e., effectively communicating the vision, management philosophy and business strategy to employees, and keeping the Board informed of salient aspects and issues concerning the Group's operations.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a professionally qualified and competent Company Secretary. On 7 October 2019, the Company announced the appointment of Ms Ho Say Keng as the Company Secretary, replacing Ms Koh Poi San and Ms Serene Lee Huey Fei as the joint company secretaries whose resignations were announced on the same date.</p> <p>Ms Ho Say Keng, is a Fellow of the Chartered Association of Certified Accountants, a registered member of the Malaysian Institute of Accountants and an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators, and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act 2016.</p> <p>The Company Secretary ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. The Company Secretary works very closely with Management for timely and appropriate information, which will then be passed on to the Directors. In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.</p> <p>During the financial period under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties. The Company Secretary also carried out an ongoing review of existing practices in comparison with the new measures introduced in the Code.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the MCB Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 8 times during the financial period ended 30 June 2020.</p> <p>The Directors have full and unrestricted access to all information pertaining to the MCB Group's business and affairs to enable them to discharge their duties. At least one week prior to each Board meeting, all Directors receive the agenda together with a comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting.</p> <p>Board papers are presented in a consistent, concise and comprehensive format, and include, where relevant to the proposal put forward for the Board's deliberation, approval or knowledge, progress reports on the MCB Group's operations and detailed information on corporate proposals, major fund-raising exercises and significant acquisitions and disposals. Where necessary or prudent, professional advisers may be on hand to provide further information and respond directly to Directors' queries. In order to maintain confidentiality, Board papers on issues that are deemed to be price-sensitive may be handed out to Directors during the Board meeting.</p> <p>The minutes of the Board and/or Board Committee meetings are circulated and confirmed at the next meeting. Once confirmed, the minutes of the Board Committee meetings are subsequently presented to the Board for notation.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board's functions are governed and regulated by its Charter, the Constitution of the Company and the various applicable legislation, Listing Requirements and other regulations and codes.</p> <p>The Board's Charter was updated and adopted by the Board on 26 November 2019 and a copy can be found under the "Governance" section on the Company's website at www.ytlcement.my. The Board Charter clearly sets out the role and responsibilities of the Board, Board committees, Directors and Management and the issues and decisions reserved for the Board. The Board Charter is reviewed and updated periodically when necessary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	MCB is guided by the corporate culture of its parent company, YTL Corp. On 20 February 2020, the Board adopted the Code of Conduct and Business Ethics and the Anti-Bribery and Corruption Policy for the YTL Group. A copy of the Code of Conduct and Business Ethics and the Anti-Bribery and Corruption Policy can be found on the Company's website at www.ytlcement.my . The Directors also observe and adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	MCB is guided by the corporate culture of its parent company, YTL Corp. On 20 February 2020, the Board adopted the Code of Conduct and Business Ethics and the Anti-Bribery and Corruption Policy for the YTL Group, which also set out the whistleblowing policy and procedures. A copy of the Code of Conduct and Business Ethics and the Anti-Bribery and Corruption Policy can be found on the Company's website at www.ytlcement.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently has 9 Directors, comprising 5 executive members, 1 non-independent non-executive member and 3 independent non-executive members. The Independent Directors comprise 33.3% of the Board, providing an effective check and balance in the functioning of the Board, and in compliance with the Listing Requirements, which require one-third of the Board to be independent.</p> <p>The Directors are cognisant of the recommendation in the Code for the Board to comprise a majority of independent directors, and will assess the composition and size of the Board on an ongoing basis to ensure the needs of the Company are met.</p> <p>MCB is 76.98%-owned by YTL Cement Berhad, which is in turn 98.03%-owned by YTL Corp (as at 30 June 2020). The Executive Directors are appointed by the major shareholder in accordance with its rights under the Companies Act 2016 and the Constitution of the Company. The interests of the major shareholder are fully aligned with those of all shareholders of the Company.</p> <p>MCB is majority-owned by a single shareholder, unlike other listed companies that may have a dispersed shareholder base which enables a shareholder to exercise control despite holding a minority stake.</p> <p>The expertise and experience in both the day-to-day running of the Group's businesses and the determination and setting of its broader strategy, lies with the Executive Directors in order to ensure the ongoing ability to fulfil their roles and responsibilities as stewards of the Group's businesses.</p> <p>Nevertheless, the Company has in place appropriate and rigorous governance structures and internal controls necessary to safeguard the assets of the Group and protect shareholder value. There is robust oversight in the form of the Board's Audit and Risk Management Committee and Remuneration and Nomination Committee, both of which are chaired by and comprise solely Independent Non-Executive Directors.</p> <p>The Board is of the view that the current Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions, and act in the best interests of the shareholders.</p>

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

Measure	:	Ongoing review of the composition of the board.	
Timeframe	:	Others	Ongoing

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has is place a Remuneration and Nomination Committee ("RNC") which is chaired by an Independent Non-Executive Director.</p> <p>On 19 June 2019, the Company appointed Tan Sri Datuk Asmat Bin Kamaludin, Dato' Tan Guan Cheong and Dato' Yoogalingam A/L Vyrarnuttu to the RNC, following the resignations of the previous members (Mr Martin Kriegner resigned from the RNC on 17 May 2019, whilst Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar and Datuk Muhamad Noor Bin Hamid resigned on 19 June 2019). The Chairman of the RNC is Tan Sri Datuk Asmat Bin Kamaludin.</p> <p>The RNC is responsible for assessing suitable candidates for appointment to the Board for approval, with due regard for diversity, taking into account the required mix of skills, experience, age, gender, ethnicity, background and perspective of members of the Board before submitting its recommendation to the Board for decision.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels, and has a strong complement of female divisional heads and chief executive officers. Currently, there is one female director on the Board comprising 11% of the Board and, therefore, whilst the Board has not met the target of 30% women directors set out in the Code it will continue to seek diverse Board members of the highest calibre with the necessary strength, experience and skills to meet the needs of the MCB Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The RNC is responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, diversity, experience and expertise of members of the Board before submitting its recommendation to the Board for decision. The RNC is chaired by and comprises solely Independent Non-Executive Directors.	
		Whilst it has, to date, not been necessary to do so given the expertise of the Independent Non-Executive Directors, the Board will also endeavour to utilise independent sources including external human resources consultants and specialised databases, as appropriate.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	As stated above	
Timeframe	:	Others	Ongoing

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The RNC is chaired by an Independent Director, Tan Sri Datuk Asmat Bin Kamaludin	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Annual evaluation of the Board as a whole, Board Committees and the individual Directors is carried out by the RNC. The evaluation carried out during the financial period under review involved an annual assessment of the effectiveness of each individual Director and the Board as a whole with the objectives of assessing whether the Board and the Directors had effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs, in addition to recommending areas for improvement.</p> <p>The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms comprising an Annual Evaluation of the Effectiveness of the Board Form.</p> <p>As recommended in the Code, the Board will endeavour to utilise independent experts to facilitate the evaluation process, as and when appropriate. Further information on the activities of the RNC can be found in the <i>Remuneration and Nomination Committee Statement</i> set out in the Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlcement.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre to lead the MCB Group successfully. In general, the remuneration of the Directors is reviewed against the performance of the individual and the MCB Group. The Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the Annual General Meeting ("AGM").
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company has in place a RNC to implement the policies and procedures on remuneration of Directors and to make recommendations to the Board on matters relating to the remuneration of Directors. Further information can be found in the <i>Remuneration and Nomination Committee Statement</i> set out in the Annual Report and is also available under the "Governance" section on the Company's website at www.ytlcement.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	Detailed disclosure of the individual Directors' remuneration categorised into appropriate components is set out in the <i>Corporate Governance Overview Statement</i> in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As regards the remuneration of the MCB Group's senior management team, the Board is of the view that the disclosure of these details would not be in the best interests of MCB Group due to confidentiality and the competitive nature of the industries in which the MCB Group operates, as well as for business and personal security reasons.	
		As stated above.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	As stated above	
Timeframe	:	Others	Under review

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit and Risk Management Committee ("ARMC") comprises solely Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code.</p> <p>On 19 June 2019, Dato' Tan Guan Cheong, Tan Sri Datuk Asmat Bin Kamaludin and Dato' Yoogalingam A/L Vyramuttu were appointed to the ARMC, following the resignations of the previous members (Datuk Tan Pei Ing resigned from the ARMC on 17 May 2019, whilst Miss Tunku Afwida Binti Tunku A.Malek and Datuk Muhamad Noor Bin Hamid resigned on the 19 June 2019).</p> <p>The Chairman of the ARMC is Dato' Tan Guan Cheong, in accordance with the recommendations of the Code that the chairman of the audit committee should not be the chairman of the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	During the financial period under review, formal policies to assess the suitability, objectivity and independence of the external auditors were established. These policies also include a requirement that a former key audit partner must observe a cooling-off period of two years before being appointed as a member of the ARMC. However, none of the ARMC members were formerly audit partners of MCB's external auditors.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The ARMC has established formal and professional arrangements for maintaining an appropriate relationship with the Company's external auditors, Deloitte PLT. The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders.</p> <p>During the financial period under review, formal policies to assess the suitability, objectivity and independence of the external auditors were established.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The ARMC comprises solely Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The members of the ARMC possess a wide range of necessary skills to discharge their duties, and are financially literate and able to understand matters under the purview of the ARMC including the financial reporting process. The members of the ARMC also intend to continue to undertake professional development by attending training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established an effective risk management and internal control framework, further details of which are disclosed in the <i>Statement on Risk Management and Internal Control</i> and <i>Audit and Risk Management Committee Report</i> in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The principal features for the MCB Group's system of internal control and risk management framework are disclosed in the <i>Statement on Risk Management and Internal Control</i> in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	The Company has in place an ARMC which comprises solely Independent Non-Executive directors.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>For the financial period under review, MCB's internal audit function was carried out by its Internal Audit department ("MCBIA"). Commencing 1 July 2020, MCB's internal audit function is now being carried out by the Internal Audit department within the YTL Corp Group ("YTLIA"), which reports directly to the ARMC. A description of the work of the internal audit function can be found in the <i>Audit and Risk Management Committee Report</i> set out in the Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlcement.my.</p> <p>YTLIA operates independently of the work it audits and provides periodic reports to the ARMC, reporting on the outcome of the audits conducted which highlight the effectiveness of the system of internal control and significant risks. The ARMC reviews and evaluates the key concerns and issues raised by YTLIA and ensures that appropriate and prompt remedial action is taken by management.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>For the financial period under review, MCB's internal audit function was carried out by MCBIA, headed by Ms Wong Swee Peng and reporting directly to the ARMC. Ms Wong Swee Peng is a fellow member of the Association of Chartered Certified Accountants (ACCA) UK. She has more than 23 years of experience both in MCB as well as at regional and global levels where she had gained extensive experience covering financial reporting, business processes, enterprise risk management, internal control and internal audit.</p> <p>MCBIA comprised 5 full-time personnel, all of whom were free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>The internal audit function adopts the framework based on the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.</p> <p>The activities of the internal audit function during the period under review included:-</p> <ul style="list-style-type: none">▪ Developing the annual internal audit plan and proposing this plan to the Board;▪ Conducting scheduled internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary;▪ Conducting follow-up reviews to assess if appropriate action has been taken to address issues highlighted in audit reports; and▪ Presenting audit findings to the Board for consideration. <p>Commencing 1 July 2020, MCB's internal audit function is now being carried out by YTLIA, which reports directly to the ARMC. The Head of YTLIA, Mr Choong Hon Chow, is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants (ACCA) UK. He started his career with the external audit division of a large public accounting firm before moving on to the internal audit profession in public listed companies and gained valuable and extensive internal audit experiences covering many areas of diversified commercial businesses and activities. He has a total of 37 years of internal and external audit experience.</p>

	<p>YTLIA comprises 9 full-time personnel, all of whom are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>Further details of the MCB Group's internal audit function are contained in the <i>Statement on Risk Management & Internal Control</i> and the <i>Audit and Risk Management Committee Report</i> as set out in the Annual Report.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The MCB Group values dialogue with investors and constantly strives to improve transparency by maintaining channels of communication with shareholders and investors that enable the Board to convey information about performance, corporate strategy and other matters affecting stakeholders' interests. The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders.</p> <p>Accordingly, the Board ensures that shareholders are kept well-informed of any major development of the MCB Group. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results, and corporate websites. Corporate information, annual financial results, governance information, business reviews and future plans are disseminated through the Annual Report, whilst current corporate developments are communicated via the Company's corporate website at www.ytlcement.my and the YTL Group's community website at www.ytlcommunity.com, in addition to prescribed information, including its interim financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.</p> <p>The Executive Chairman, Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the MCB Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the MCB Group's operations and activities. Presentations based on permissible disclosures are made to explain the MCB Group's performance and major development programs.</p> <p>Whilst efforts are made to provide as much information as possible to its shareholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its shareholders. Therefore, the information that is price-sensitive or that may be regarded as undisclosed material information about the MCB Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.</p>

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

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	It is the view of the Company that the current format of the Annual Report provides shareholders with the necessary information on the business of the Company and the Group, and policies on governance, risk management and internal control and sustainability in a comprehensive and understandable manner.	
		However, the Company reviews the contents and format of its annual reports on an ongoing basis to improve and enhance its disclosure to shareholders.	
		As stated above	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	As stated above	
Timeframe	:	Others	Ongoing

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Notice of the AGM is sent to shareholders at least 28 days prior to the AGM in accordance with the Code, which also meets the criteria of the Listing Requirements and Companies Act 2016, which require the Notice of AGM to be sent 21 days prior to the AGM. The Notice for the forthcoming 70th AGM of the Company to be held on 1 December 2020 has been sent on 30 October 2020.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Directors are mindful of the recommendation under the Code that all directors must attend general meetings and fully appreciate the need for their attendance at all such meetings.</p> <p>The Executive Chairman, Managing Director and Executive Directors take the opportunity to present a comprehensive review of the progress and performance of the MCB Group and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the MCB Group's business operations, strategy and goals.</p> <p>The Independent Directors who chair the ARMC and RNC provide meaningful responses to any questions addressed to them.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	In view of the ongoing COVID-19 pandemic, the forthcoming 70th AGM will be held on a fully virtual basis, the details of which can be found in the <i>Notice of Annual General Meeting</i> in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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

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

Click or tap here to enter text.

