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# Corporate Governance Overview Statement

for the financial year ended 30 June 2024

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The Board of Directors (“Board”) of Malayan Cement Berhad (“MCB” or “Company”) remains firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries (“MCB Group” or “Group”). The MCB Group 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 MCB Group.

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.

In implementing its governance system and ensuring compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board has been guided by the principles and practices set out in the Malaysian Code on Corporate Governance (“Code”) issued by the Securities Commission Malaysia (“SC”).

An overview of the Board’s compliance with the Code during the financial year ended 30 June 2024 is detailed in this statement.

The Company’s Corporate Governance Report (“CG Report”) for the financial year ended 30 June 2024 is available at the Company’s website at [www.ytlcement.my](http://www.ytlcement.my) and has been released via the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com) in conjunction with the Annual Report.

## PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

### Responsibilities of the Board

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. 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.

Key elements of the Board’s stewardship responsibilities include:

- Ensuring that the strategic plans for the MCB Group support long-term value creation for the benefit of its stakeholders and include strategies on economic, environmental and social considerations underpinning sustainability;
- Promoting good corporate governance culture within the MCB Group which reinforces ethical, prudent and professional behaviour;
- Overseeing the conduct of the MCB Group’s businesses to evaluate and assess management performance to determine whether businesses are being properly managed;
- Ensuring there is a framework of prudent and effective internal control and risk management systems which enable risks to be identified, assessed and managed;
- Succession planning for the Board and senior management;
- Overseeing the development and implementation of a shareholder/stakeholder communications policy;
- Reviewing the adequacy and integrity of the MCB Group’s management information and internal control systems; and
- Ensuring the integrity of the MCB Group’s financial and non-financial reporting.

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The Board is led by the Executive Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

There is a clear balance of power, authority and accountability between the Executive Chairman, Tan Sri (Sir) Francis Yeoh Sock Ping, and the Managing Director, Dato' Sri Michael Yeoh Sock Siong, 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.

The Executive 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, including good corporate governance practices, the orderly and effective conduct of the meetings of the Board and shareholders, leading discussions, encouraging active and open participation, managing the interface and encouraging constructive relations between the Board and management, ensuring the provision of accurate, timely and clear information to Directors and effective communications with stakeholders and facilitating the effective contribution of Non-Executive Directors.

The Managing Director is responsible for, amongst others, overseeing the day-to-day running of the business, developing and implementing Board policies and strategies, making operational decisions, serving as the conduit between the Board and 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.

The Managing Director and Executive Directors are accountable to the Board for the profitability and development of the MCB Group, consistent with the primary aim of enhancing long-term shareholder value. The Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of the MCB Group.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgment to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are collectively accountable for the running and management of the MCB's operations and for ensuring that strategies are fully discussed and examined, and take account of the long-term interests of shareholders, employees, customers, suppliers and the many communities in which the MCB Group conducts its business.

In accordance with the Code, the Executive Chairman is not a member of the Audit and Risk Management Committee ("ARMC") or Remuneration and Nomination Committee ("RNC"), all of which are chaired by and comprise Independent Non-Executive Directors. This promotes objectivity in the Board's deliberations and ensures there are effective checks and balances, as well as objective review by the Board of recommendations put forth by the committees.

In the discharge of their responsibilities, the Directors have established functions which are reserved for the Board and those which are delegated to management. Key matters reserved for the Board's approval include overall strategic direction, business expansion and restructuring plans, material acquisitions and disposals, expenditure over certain limits, issuance of new securities, payments of dividends and capital alteration plans. Further information on authorisation procedures, authority levels and other key processes can also be found in the *Statement on Risk Management and Internal Control* set out in this Annual Report.

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## Board Meetings & Procedures

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. Meetings of the Board committees are conducted separately from those of the main Board to enable objective and independent discussions. The Board met 5 times during the financial year ended 30 June 2024.

The Directors are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interests or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings as required.

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.

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.

The minutes of the Board and 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.

## Company Secretary

The Board is supported by a professionally qualified and competent Company Secretary. The Company Secretary, Ms Ho Say Keng, is a Fellow of the Association of Chartered 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.

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.

During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties. The Company Secretary carries out ongoing reviews of existing practices in comparison with any new measures introduced in the Listing Requirements and/or legislation, regulations and codes applicable to the governance of the Company and updates the Board accordingly.

## Board Charter

The Board's functions are governed and regulated by the Constitution of the Company, and the laws, rules and regulations governing companies in Malaysia, including the Companies Act 2016 and the Listing Requirements. The Board has a Board Charter, a copy of which can be found under the "Governance" section on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

The Board Charter serves several important functions, including as a primary reference to the Board of its role, fiduciary duties and responsibilities, its governance processes and legal framework within which it operates and as an induction tool for new Directors. The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board committees, Directors and management and the issues and decisions reserved for the Board.

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The Board Charter was most recently updated and adopted on 26 September 2024 to set out, amongst others, the applicability to the Board of the new Conflict of Interest Policy (detailed below) and the Code of Conduct & Business Ethics for the MCB Group and to establish a policy which limits the tenure of the Independent Non-Executive Directors to nine years without further extension.

The Board Charter is reviewed as and when changes arise and updated in accordance with the needs of the Company and any new regulations that impact the discharge of the Board's responsibilities.

## Business Conduct, Ethics & Whistleblowing

Following the amendment to the Board Charter on 26 September 2024, the Directors will observe and adhere to the Code of Conduct & Business Ethics going forward, replacing the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia.

MCB has an established track record for good governance and ethical conduct. Key guidance is contained in the Code of Conduct & Business Ethics, which also sets out the whistleblowing policy and procedures, and the MCB Group's Anti-Bribery & Anti-Corruption Policy, as detailed in the following section. A copy of the Code of Conduct & Business Ethics can be found on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

The Code of Conduct & Business Ethics sets out the acceptable general practices and ethics for the MCB Group and includes policies and measures to address conflicts of interest, abuse of power, corruption, insider trading, money laundering and data protection. On 26 September 2024, the Code of Conduct & Business Ethics was updated to codify existing environmental and social policies and general practices that apply across the MCB Group.

Training modules and other methods of communication are employed on an ongoing basis to familiarise employees with their duties and obligations in this area. Training carried out during the financial year under review focused on areas including anti-bribery and anti-corruption, as well as, a cybersecurity refresher course.

## Conflicts of Interest ("COI")

In May 2024, the Board adopted a COI Policy which is intended to ensure that any actual or potential conflict of interest that a Director or key senior management may have is appropriately dealt with or managed. The policy applies to the Directors and key senior management of the MCB Group and sets out guidance in identifying conflicts of interest, disclosure and recusal requirements and the measures to be taken to resolve, eliminate or mitigate conflicts. The policy also expands the scope of the ARMC's review of COI situations and the measures taken to resolve, eliminate or mitigate any such conflicts.

To assist the ARMC in discharging its duties in this area, a 'COI Declaration Form' has been adopted together with the COI Policy for the purpose of identifying, evaluating, disclosure/reporting, monitoring, maintenance and management of COI situations.

## Anti-Bribery & Anti-Corruption Policy ("ABC Policy")

The objective of the ABC Policy is to further enforce the MCB Group's Code of Conduct & Business Ethics in order to ensure that all Directors and employees understand their responsibilities in compliance with the MCB Group's zero tolerance for bribery and corruption within the organisation. This is in line with the corporate liability provision in Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") which came into force on 1 June 2020. A copy of the ABC Policy can be found on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

The ABC Policy outlines the MCB Group's strategies in identifying, preventing and managing bribery and corruption issues. The policies and procedures put in place are guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act. The ABC Policy applies to all Directors, managers and employees of the Company in dealing with external parties in the commercial context. The policy is reviewed at least once every three years and amended as needed to ensure that it continues to remain relevant, appropriate and effective to enforce the principles highlighted therein and to ensure continued compliance with the prevailing law.

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A comprehensive implementation plan has been established to communicate and disseminate the ABC Policy on an ongoing basis throughout the MCB Group through online training modules and other communication methods, and has been a highly effective component of the overall anti-bribery and anti-corruption risk management process.

Directors and employees of the MCB Group in Malaysia are required to read and understand the ABC Policy and the Code of Conduct & Business Ethics, successfully complete the online training modules to reinforce their understanding of the policy and sign the Integrity Pledge for the YTL Corporation Berhad ("YTL Corp") group of companies ("YTL Group") in acknowledgement of their obligations and responsibilities.

Compliance with the ABC Policy continues to be monitored closely on an ongoing basis. The annual risk assessment is carried out to identify the corruption risks to which the Group is exposed and the appropriateness of the mitigation measures established to minimise the exposure to these risks.

## Sustainability Governance

The MCB Group has a long-standing commitment to ensuring that its businesses are viable and sustainable on a long-term basis. The Board oversees governance of the MCB Group's sustainability matters which includes setting its environmental, social and governance ("ESG") strategies, priorities and targets, overseeing the progress of ESG strategy and performance and reviewing and addressing the MCB Group's material ESG risks and opportunities. Further information can be found in the *Sustainability Report 2024* and the section entitled "Reports" on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

MCB's Sustainability Committee is chaired by the Group Managing Director, Dato' Sri Michael Yeoh Sock Siong, supported by the Head of Sustainability and senior management with responsibility for ESG matters. The Sustainability Committee supports the Board to set the high-level ESG direction and strategic focus, oversees the implementation of ESG strategies and related matters and reviews, and monitors and provides the MCB Group's ESG strategic plans and initiatives across its value chain. The Sustainability Committee reports to the Board on an annual basis or more frequently, as and when needed.

The Board is ultimately responsible for MCB's sustainability matters. The Board ensures MCB performance and long-term strategy include consideration for ESG issues to ensure MCB remains resilient and able to deliver sustainable value for its stakeholders.

The Company's key methods for communicating its sustainability strategies, priorities and targets as well as performance against these targets to internal and external stakeholders include the Annual Report, Sustainability Report and the "Sustainability" section on YTL Cement Berhad's website at <https://ytlcement.com/sustainability>. As part of the YTL Group, information on the MCB's Group's ESG performance is also included in the YTL Group Sustainability Report, which is issued annually and can be accessed from the YTL Group's Sustainability website at [www.ytl.com/sustainability](http://www.ytl.com/sustainability).

The Directors are kept apprised of the key ESG issues relevant and specific to the MCB Group through briefings from the Sustainability Committee and management on performance, targets and operational updates, and also stay abreast with more general developments in the ESG arena through training programmes, further details of which are disclosed in the *Remuneration and Nomination Committee Statement* in this Annual Report.

The Board's evaluation process includes criteria for addressing and managing significant risks that may have a considerable impact on the Company, and ESG risks are incorporated into this process as they form part of the overall risk management framework. Further details are set out in the section below on *Evaluation of the Board* and in the *Remuneration and Nomination Committee Statement* in this Annual Report.

## Composition of the Board

The Board has 8 Directors, comprising 5 executive members and 3 independent non-executive members. The Independent Directors comprise 37.5% 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.

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.

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MCB is 72.29%-owned by YTL Cement Berhad, which is in turn 98.03%-owned by YTL Corp (as at 30 June 2024). 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.

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. The interests of the major shareholder are fully aligned with those of all shareholders of the Company.

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.

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 ARMC and RNC, both of which are chaired by and comprise solely Independent Non-Executive Directors.

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.

None of the Independent Non-Executive Directors have served on the Board for a period exceeding the nine-year term limit recommended in the Code.

In accordance with the Company's Constitution, at least one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments.

The names of Directors seeking re-election at the forthcoming AGM are disclosed in the *Notice of Annual General Meeting* in this Annual Report, whilst the review of Directors proposed for re-election and their profiles can be found in the *Remuneration and*

*Nomination Committee Statement* and the *Profile of the Board of Directors*, respectively. This information is also available under the "Governance" section on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

## Board & Senior Management Appointments

The RNC is responsible for assessing suitable candidates for appointment to the Board, with due regard for diversity, taking into account the required mix of skills, experience, age, gender, ethnicity, time and commitment, background and perspective 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. The Chairman of the RNC is Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir. This complies with the recommendation under the Code that the chairman of the Remuneration and Nomination Committee should not be the chairman of the Board.

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.

Meanwhile, members of senior management are selected based on relevant industry experience, with due regard for diversity in skills, experience, age, gender, ethnicity, background and perspective, and are appointed by the Executive Chairman and/or the Managing Director following recommendation by the Executive Director in charge of the relevant division. 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. Currently, there are three female directors on the Board comprising 37.5% of the Board which meets the target of 30% women directors set out in the Code.



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## Evaluation of the Board

Annual evaluation of the Board as a whole, Board committees and individual Directors is carried out by the RNC. The evaluation carried out during the financial year under review involved an annual assessment of the effectiveness of each individual Director, the Board's committees and the Board as a whole with the objectives of assessing whether the Board, its committees and the Directors had effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time and commitment to the Company's affairs, in addition to recommending areas for improvement.

The assessment exercise was facilitated by the Company Secretary and involved the completion of questionnaires/evaluation form comprising a Board and Board Committee Effectiveness Evaluation Form, Director's Performance Evaluation Form, Director's Confirmation of Independence Form, ARMC Effectiveness Evaluation Form and ARMC Members Evaluation by RNC Form.

The results of the annual evaluation carried out form the basis of the RNC's recommendations to the Board for the re-election of Directors. 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 *Remuneration and Nomination Committee Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

## Remuneration

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. Where applicable, the Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member, whilst the Non-Executive Directors' remuneration comprises Directors' fees and other benefits. 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. Directors' fees and other benefits must be approved by shareholders at the AGM.

The RNC is chaired by and comprises solely Independent Non-Executive Directors, in compliance with the Code. The RNC assists in the implementation of the remuneration policy and procedures, including reviewing and recommending matters relating to the remuneration of the Directors and senior management to the Board, further information on which can be found in the *Remuneration and Nomination Committee Statement* set out in this Annual Report. The *Remuneration Policy and Procedures for Directors and Senior Management* and the terms of reference of the RNC can also be found under the "Governance" section on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

Details of the Directors' remuneration categorised into appropriate components can be found in *Note 6 in the Notes to the Financial Statements* in this Annual Report.

The Executive Chairman and Managing Director who are members of the Board also comprise the senior management of the Company and the details of their remuneration are disclosed as set out above.

## Board Commitment

In accordance with the Listing Requirements, members of the Board do not hold more than five directorships in public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the MCB Group thereby enabling them to discharge their duties effectively.

Presently, each Board member is required to assess (via the annual assessment process) whether he/she devotes the necessary time and energy to fulfilling his/her commitments to the Company. The Board recognises that an individual's capacity for work varies depending on various factors that weigh very much on his/her own assessment. Hence, having rigid protocols in place before any new directorships may be accepted is not practical. Each Board member is also expected to inform the Board whenever he/she is appointed as an officer of a corporation. In accordance with the Board Charter and guidance in the Code, none of the Directors are active politicians.

The details of each Director's attendance of Board meetings can be found in the *Profile of the Board of Directors* whilst details of the training programmes attended during the year under review are disclosed in the *Remuneration and Nomination Committee Statement* in this Annual Report. This information is also available under the "Governance" section on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

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## PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT

### Integrity in Financial Reporting

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Listing Requirements, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The *Statement of Directors' Responsibilities* made pursuant to Section 248-249 of the Companies Act 2016 is set out in this Annual Report.

In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, to present a true and fair assessment of the Company's position and prospects. Interim financial reports were reviewed by the ARMC and approved by the Board prior to release to Bursa Securities.

### ARMC

The Company has in place an ARMC which comprises solely Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code, namely Mr Yap Seng Chong, Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir and Ms Fong Yee Mei. The Chairman of the ARMC is Mr Yap Seng Chong, which fulfils the recommendations of the Code that the chairman of the audit committee should not be the chairman of the Board.

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.

The ARMC holds quarterly meetings to review matters including the MCB Group's financial reporting, the audit plans for the financial year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

The ARMC met 6 times during the financial year ended 30 June 2024. Full details of the composition and a summary of the work carried out by the ARMC during the financial year under review can be found in the *Audit and Risk Management Committee Report* set out in this Annual Report. This information and the terms of reference of the ARMC, which were updated and approved by the Board on 24 August 2023 to include the expanded scope of the ARMC in dealing with COI situations, are available under the "Governance" section on the Company's website at [www.ytlcement.my](http://www.ytlcement.my).

The ARMC has established formal and professional arrangements for maintaining an appropriate relationship with the Company's external auditors, HLB Ler Lum Chew PLT ("HLB"). The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders.

The ARMC's *Auditor Independence Policy* guides its assessment of the suitability, objectivity and independence of the external auditors. The policy includes, amongst others, a cooling off period of three years before a former audit partner of the external audit firm may be appointed as a member of the ARMC and additional assessment criteria based on information presented in the *Annual Transparency Report* of the external auditors, in line with the Code. None of the ARMC members were formerly partners of MCB's external auditors.

Details of the audit and non-audit fees paid/payable to HLB for the financial year ended 30 June 2024 are as follows:

	Company RM '000	Group RM '000
Statutory audit fees paid/payable to:		
- HLB	121	818
- Affiliates of HLB	-	-
<b>Total</b>	<b>121</b>	<b>818</b>
Non-audit fees paid/payable to:		
- HLB	8	8
- Affiliates of HLB	3	223
<b>Total</b>	<b>11</b>	<b>231</b>



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## Risk Management & Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the MCB Group's assets, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

Details of the MCB Group's system of risk management and internal control are contained in the *Statement on Risk Management and Internal Control* and the *Audit and Risk Management Committee Report* as set out in this Annual Report.

## Internal Audit

MCB's internal audit function is carried out by the Internal Audit department within the YTL Group ("YTLIA"), which reports directly to the ARMC. The Head of YTLIA, Mr Choong Hon Chow, is a registered member of the Malaysian Institute of Accountants and a Fellow 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 experience covering many areas of diversified commercial businesses and activities. He has a total of 41 years of internal and external audit experience.

During the financial year ended 30 June 2024, YTLIA comprised 10 full-time personnel. The personnel of YTLIA are free from any relationships or conflicts of interest which could impair their objectivity and independence.

In July 2024, YTLIA underwent a Gap Assessment based on Global Internal Audit Standards which will come into effect in January 2025.

The activities of the internal audit function during the year under review included:

- Developing the annual internal audit plan and proposing this plan to the ARMC;
- Conducting scheduled internal audit engagements, focusing primarily on the adequacy and 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 previous audit reports;
- Presenting significant audit findings to the ARMC for consideration;
- Conducting review of recurrent related party transactions;
- Conducting discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan;
- Conducting discussions with management to identify, analyse, assess and prioritise the internal and external corruption risks, for the purpose of establishing appropriate processes, systems and controls to mitigate the specific corruption risks exposure; and
- Conducting review and verification of the effectiveness in the implementation of the Group's ESG policies and operations for the purpose of providing independent assurance on whether data being reported is accurate, relevant, complete and timely.

Further details of the MCB Group's internal audit function are contained in the *Statement on Risk Management and Internal Control* and the *Audit and Risk Management Committee Report* as set out in this Annual Report.

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

### Communication with Shareholders & Other Stakeholders

The MCB Group values dialogue with its stakeholders and constantly strives to improve transparency by maintaining channels of communication 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 stakeholder value and recognises the importance of timely dissemination of information to stakeholders.

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](http://www.ytlcement.my) and the YTL Group's community website at [www.ytlcommunity.com](http://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.

The Executive Chairman, Managing Director and/or 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.

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.

### Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the MCB Group, the resolutions being proposed and the business of the MCB Group in general at every general meeting of the Company.

The Notice of the AGM and a circular to shareholders in relation to recurrent related party transactions mandates, if applicable, are 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. This provides shareholders with sufficient time to review the MCB Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed to make informed voting decisions at the AGM.

The Executive Chairman, Managing Director and Executive Directors 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.

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. All Directors attended the Company's 73rd AGM held on 5 December 2023.

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# Corporate Governance Overview Statement

for the financial year ended 30 June 2024

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Extraordinary general meetings are held as and when required to seek shareholders' approval. The Executive Chairman, Managing Director and Executive Directors take the opportunity to fully explain the rationale for proposals put forth for approval and the implications of such proposals for the Company, and to reply to shareholders' questions.

Where applicable, each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved. All resolutions are put to vote by electronic poll voting and an independent scrutineer is appointed to verify poll results. The results of the electronic poll voting are announced in a timely manner, usually within half an hour of the voting process to enable sufficient time for the results to be tabulated and verified by the independent scrutineer.

The rights of shareholders, including the right to demand a poll, are found in the Constitution of the Company. At the 73rd AGM of the Company, held on 5 December 2023, the resolutions put forth for shareholders' approval were voted on by way of a poll.

Where general meetings are held on a virtual basis, the Board utilises available platforms and technologies that support meaningful engagement with shareholders by ensuring smooth broadcast of the general meeting and enabling interactive participation by shareholders via facilities to submit questions before and during the general meeting. Questions posed by shareholders are made visible to all meeting participants during the meeting.

The Company engages professional service providers to manage and administer its general meetings who have in place the necessary data privacy and protection and cybersecurity policies and procedures to safeguard the information of the Company and its shareholders.

Minutes of general meetings are posted on the Company's website under the "Meetings" page, which can be accessed at the link below, no later than 30 business days after the general meeting:

- <https://www.ytlcement.my/meetings>

The 73rd AGM of the Company was conducted as a fully virtual meeting through live streaming and online remote participation and voting using the TIIH Online System at <https://tiih.com.my> provided by the appointed share registrar and poll administrator, Tricor Investor & Issuing House Services Sdn Bhd.

The forthcoming 74th AGM will also be held on a fully virtual basis, the details of which can be found in the *Notice of Annual General Meeting* in this Annual Report.

This statement and the CG Report were approved by the Board on 26 September 2024.