

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0103
COMPANY NAME : M N C WIRELESS BERHAD (“MNC” or “the Company”)
FINANCIAL YEAR : April 30, 2021

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>The Board is responsible for the overall performance and business affairs of the Company and its subsidiaries ("the Group"). The Board provides necessary leadership including practicing a high level of good governance to ensure long-term success of the Group and the delivery of sustainable value to its stakeholders.</p> <p>In discharging its fiduciary duties and responsibilities, the Board is governed by its Board Charter, outlining the roles and responsibilities and applicable limits, including those reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the Chief Executive Officer cum Executive Director ("CEO cum ED") and the Management. The Board Committees comprise Audit Committee ("AC"), and Nomination and Remuneration Committee ("NRC") respectively.</p> <p>The Board Charter and Terms of Reference of the respective committees are available on the Company's website at www.mnc.com.my.</p> <p>The Board has exercised oversight on Management and set the appropriate tone at the top, while providing thought leadership and championing good governance and ethical practices throughout the Group.</p> <p>To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group, it reviewed and deliberated the business plan, strategic plan and/or proposals presented by the Management bearing in mind any major change/revision/update discussed during the quarterly Board meeting accordingly. The Board will ensure all critical issues are considered before any decision is made.</p> <p>The CEO cum ED is responsible for the day-to-day management of the business and operations of the Group. He is supported by Senior</p>

	<p>Management. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance. The relevant members of the Management were in attendance at Board meetings to support the CEO cum ED in presenting the updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board. The CEO cum ED's performance was reviewed by the NRC through, amongst others, the financial results, contribution to business performance and operation management, conformance and compliance.</p> <p>The Board, through the AC, reviews the internal controls of the Group and discusses the relevant improvements required to address internal audit issues to ensure, as far as possible, the protection of its assets and its shareholders' investment.</p> <p>Further, the Board is supported by the NRC to ensure that there is an effective and orderly succession planning in the Group. NRC formulates the nomination, selection and succession processes for the Board members taking into consideration the background, experience and qualification of the nominees and determines the remuneration for these appointments.</p> <p>The Board also plays the role to ensure that the Group has in place procedures to enable effective communication with stakeholders.</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 1.2

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 Chairman of the Board, Mr. Wong Kok Seong, holds a Senior Independent Non-Executive position and is primarily responsible for the leadership, effectiveness, conduct and governance of the Board. The roles and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 2.3 of the Board Charter, which is available on the Company's website at www.mnc.com.my.</p> <p>The responsibilities of Chairman, amongst others, including the following:-</p> <ul style="list-style-type: none">• To provide leadership to the Board.• To oversee the effective discharge of the Board's supervisory role.• To facilitate the effective contribution of all Directors.• To conduct and chair Board meetings and general meetings of the Company.• To ensure Board meetings and general meetings comply with good conduct and best practices.• To manage Board communications and Board effectiveness and effective supervision over Management.• To promote constructive and respectful relations between Board members and between the Board and the Management.• To ensure that quality information to facilitate decision-making is delivered to the Board in a timely manner.• Together with the CEO cum ED, represents the Company and/or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.
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	:		
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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>The Chairman of the Board, Mr. Wong Kok Seong and the CEO cum ED, Datuk Tan Chor How Christopher, both holding separate position in the Company. The distinct roles and responsibilities of the Chairman and CEO cum ED are provided in Paragraph 2.3 of the Board Charter, which is available on the Company's website at www.mnc.com.my.</p> <p>There is a clear division of roles and responsibilities between the Chairman and the CEO cum ED to ensure a balance of power and authority to promote accountability, such that no one individual has unfettered decision-making powers.</p> <p>The Chairman is responsible for the orderly conduct and effectiveness of the Board in addition to facilitating constructive deliberation of matters in hand, whilst the CEO cum ED leads the management of the Company and has overall responsibility for the operating units and the implementation of the Board's policies and decisions.</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 corporate secretarial function of the Company is outsourced to Cospec Management Services Sdn. Bhd. ("CMS").</p> <p>The Board is supported by a qualified and competent Company Secretary nominated by CMS. She is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as a qualified Company Secretary under the Companies Act 2016. She possesses over 25 years of experience in corporate secretarial practices.</p> <p>The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.</p> <p>The Company Secretary manages the logistics of all Board, Board Committees and general meetings. She ensures the minutes of all meetings are properly recorded and reflected the correct proceedings of the meetings, including whether any Director abstained from voting or deliberating on a particular matter.</p> <p>The Company Secretary had on 29 July 2021 organised a briefing for the Board on "Updated Malaysian Code on Corporate Governance 2021 ("MCCG 2021")" to keep the Board abreast of the latest development on the governance matters.</p> <p>During the financial year under review, all Board and Board Committees meetings were properly convened and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.</p> <p>The Company Secretary also keeps the Directors and Principal Officers informed of the closed period for dealings in the Company's shares. All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.</p> <p>The Company Secretary has and will continue to constantly keep herself abreast on matters concerning company law, corporate governance, and changes in the regulatory environment through continuous training and industry updates.</p>

	Overall, the Board is satisfied with the service and support rendered by the Company Secretary to the Board in the discharge of her functions.	
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>To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with the scheduled dates for meetings of the Board and Board Committees, the Annual General Meeting ("AGM") as well as the closed periods for dealings in securities by Directors and principal officers of the Company based on the targeted dates of announcements of the quarterly results.</p> <p>The notice of meetings of the Board and Board Committees are sent to the Directors via email at least five (5) working days prior to the date of the meetings. The same notification is sent to the Management that is invited to the meetings. Meeting materials are also circulated to Directors at least five (5) business days in advance of the Board and Board Committee meetings to ensure that they have been given sufficient preparation time and information to make an informed decision at each meeting. The deliberations and decisions of matters discussed at the Board and Board Committees meetings are duly recorded and well documented in the minutes of meetings, including matters where Directors abstained from voting or deliberation.</p> <p>The Company Secretary will also follow up on the open item with reference to the previous minutes of meetings to be included in the agenda for the subsequent meeting. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>The minutes of meetings are circulated to the respective Board and Board Committee for review in a timely manner before they are finalised and tabled at the next meeting for confirmation.</p> <p>All the records of proceedings and resolutions passed are properly kept at the registered office of the Company.</p>
Explanation for departure	:	

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

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 Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as Directors and the functions of the Board Committees. The Board Charter is available on the Company's website at www.mnc.com.my.</p> <p>The Board Charter sets out the roles and responsibilities, composition and balance, operation and processes of the Board. It serves as a reference point for Board activities and is designed to provide guidance and clarity to Directors with regards to the respective roles and responsibilities of the Board, Board Committees, Chairman and CEO cum ED, as well as issues and decisions reserved for the Board, the Board's governance structure and authority. This is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities, and the legislations and regulations affecting their conduct.</p> <p>The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports from the respective Board Committee Chairman, which are presented to the Board during Board meetings at the appropriate regular intervals.</p> <p>The Board Charter will be reviewed by the Board as and when necessary to ensure it is up to date and remains consistent with the Board's objectives and responsibilities and reflect the latest compliance requirements as a result of changes in the regulatory framework.</p> <p>On 1 July 2021, the Board reviewed and approved revisions to the Board Charter for the purpose of incorporating the relevant practices recommended under the MCCG 2021.</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	:	<p>The Company has in place a Code of Ethics and Conduct for Directors and employees of the Group which is available on the Company's website at www.mnc.com.my. A brief Code of Ethics and Conduct is also incorporated in Part 6 of the Board Charter.</p> <p>The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate with the prescribed requirements and best corporate governance practices.</p> <p>In summary, the Code of Ethics and Conduct provides principles and standards relating to Directors' and employees' duties to act in the best interest of the Group and stakeholders, and covers the areas of transparency, integrity, accountability, sustainability, conflicts of interest, anti-corruption/bribery, confidentiality, insider trading, fair dealing, proper use of company's assets, compliance with laws, rules and regulations.</p> <p>The Board is committed in maintaining a corporate culture that engenders ethical conduct. All Directors and employees of the Group are to adhere to the Code of Ethics and Conduct and make a necessary declaration if there is any conflict of interests. All Directors and employees are required to safeguard and prohibited from disclosing any confidential information of the Group until it is publicly released as well as to uphold personal integrity in the workplace. Misconduct involving gifts, gratuities, bribes, dishonest behavior and sexual harassment are strictly prohibited.</p>
Explanation for departure	:	

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

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	:	<p>The Group is committed to promote good business conduct and maintain business integrity. In recognising the abovementioned values, the Group has put in place a Whistleblowing Policy that fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Group.</p> <p>The reporting of unlawful or unethical behaviour is encouraged for all the employees of the Group, particularly through the Whistleblowing Policy. The Whistleblowing Policy provides an avenue for employees to report any misconduct, breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group.</p> <p>All malpractices or wrongdoings reported by the whistle-blower are to be directed to the CEO cum ED. If the malpractices or wrongdoings are against the Directors or is in any way related to the actions of the Directors or if for any reason, it is believed that reporting to management is a concern or not possible or appropriate, then the concern will be reported to the Chairman of the AC.</p> <p>The Whistleblowing Policy of the Group was reviewed and updated by the Board on 29 May 2020 and is published on the Company's website at www.mnc.com.my.</p>
Explanation for departure	:	

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

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	:	Applied
Explanation on application of the practice	:	<p>The Board of MNC currently comprises six (6) members i.e., one (1) Senior Independent Non-Executive Director, three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) CEO cum ED.</p> <p>The Board Members are as follows:-</p> <ul style="list-style-type: none">(a) Mr. Wong Kok Seong(b) Mr. Thu Soon Shien(c) Dato' Kua Khai Shyuan(d) Ms. Pang Siaw Sian(e) Datuk Tan Chor How Christopher(f) Dato' Muhammad Shuib Bin Md Hashim <p>All the Independent Non-Executive Directors of the Company satisfy the independence test under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").</p> <p>The Board operates in a manner that ensures the Directors exercise independent judgement and the interests of shareholders are always at the forefront when important decisions are made by the Board.</p> <p>The assessment of the independence of Independent Non-Executive Directors was conducted annually via Annual Evaluation of Independence of Director to ensure that they were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.</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	:		
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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 Board recognises that a diverse Board in the Company could offer greater depth and breadth compared to a non-diverse Board whilst the diversity at Senior Management will lead to better decisions.</p> <p>The Board appoints its members through a formal and transparent selection process. In making a recommendation to the Board on the candidates for directorship, the NRC will consider and nominate the candidates based on the objective criteria, including:-</p> <ul style="list-style-type: none">(a) skills, knowledge, expertise and experience;(b) professionalism;(c) integrity; and(d) in the case of candidates for the position of Independent Non-Executive Directors, the NRC will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors. <p>This helps to ensure an appropriate balance between the experience perspectives of the long-term Directors and new perspectives that bring fresh insights to the Board.</p> <p>In this respect, the roles of NRC are detailed in its Terms of Reference, which is accessible on the Company's website, www.mnc.com.my.</p> <p>The Board also via the NRC, reviews the correct mix of skills, business and professional experiences that should be added to the Board annually or as and when required.</p> <p>The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender.</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	:	<p>The Board has adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board and senior management level. The objectives/principles and measures as set out in the Gender Diversity Policy are disclosed in the Corporate Governance Overview Statement in the Annual Report 2021.</p> <p>To avoid any mismatch and ineffective appointment of female Directors, the Board does not set any specific target for female Directors in the Gender Diversity Policy. However, the Board practises non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of Board and senior management positions of the Company.</p> <p>On 1 July 2021, the Board reviewed and approved revisions to the Gender Diversity Policy for the purpose of incorporating the relevant practices recommended under the MCCG 2021.</p> <p>Currently, there is a female Director on the Board namely, Ms. Pang Siaw Sian.</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 4.6

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	:	Applied	
Explanation on application of the practice	:	<p>The policies and procedures for recruitment and appointment of Directors are guided by the Terms of References of NRC.</p> <p>The NRC leverages on various sources and gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, management and major shareholders, the Board also refers to the potential candidate from the industry taking into consideration the education, skills and experience background.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC is chaired by Dato' Kua Khai Shyuan, an Independent Non-Executive Director of the Company.	
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>The Board recognises the importance of assessing the effectiveness of the individual Directors, the Board and its Committees as a whole. The Board has, through the NRC, conducted an annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the financial year ended 30 April 2021. The process was carried out by sending the following customised assessment forms to Directors:-</p> <ul style="list-style-type: none">i. Performance of CEO cum ED;ii. Performance of Non-Executive Directors;iii. Independence of the Independent Directors;iv. Performance of the AC; andv. Effectiveness of the Board and Board Committees as a whole. <p>The assessment criteria based on the Key Performance Indicators covers the financial, strategic and sustainability, conformance and compliance, business acumen/increasing shareholders' wealth, succession planning, attendance, preparation and contribution to the committee meetings.</p> <p>The completed assessment forms for the financial year ended 30 April 2021 were collated by the Company Secretary and tabled to the NRC for review before tabling the same for the Boards' deliberation/notation.</p> <p>Based on the evaluations conducted in the financial year ended 30 April 2021, the NRC and the Board were satisfied with the performance of the individual Directors, Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.</p>
Explanation for departure	:	

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

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	:	<p>The Board acknowledges the importance of fair remuneration in attracting, retaining and motivating Directors and Senior Management. Hence, a Remuneration Policy had been adopted by the Board.</p> <p>The Remuneration Policy is available for reference on the Company's website at www.mnc.com.my.</p> <p>The remuneration is reviewed by the NRC on an annual basis prior to making its recommendations to the Board for approval. In its review, the NRC considers various factors including the Directors' fiduciary duties, time commitments and expertise expected from them and the Company's performance.</p> <p>The CEO cum ED's remuneration package is tabled and reviewed by the NRC based on the Key Performance Indicators before a recommendation is made to the Board for approval.</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 6.2

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	:	<p>The Board has an NRC that assists the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The NRC is also responsible to ensure that the remuneration packages commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Company.</p> <p>The Terms of Reference of the NRC which details out the roles and responsibilities in relation to the remuneration matters is available on the Company's website at www.mnc.com.my.</p> <p>The Board is satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions.</p> <p>The NRC comprises three (3) Independent Non-Executive Directors as detailed below:-</p> <ul style="list-style-type: none">(a) Dato' Kua Khai Shyuan (Chairman)(b) Mr. Wong Kok Seong (Member)(c) Mr. Thu Soon Shien (Member) <p>The Directors who are the shareholders of the Company would abstain from the deliberation and voting on matters pertaining to their own remuneration at the forthcoming Seventeenth AGM ("17th AGM").</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

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	:	The detailed disclosure on a named basis for the remuneration of individual Directors for the financial year ended 30 April 2021 is set out in the Corporate Governance Overview Statement in the Annual Report 2021.	
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	:	<p>Due to confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.00.</p> <p>The Board is of the view that the disclosure of the Senior Management's remuneration components would not be in the best interest of the Company given that the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.</p> <p>As an alternative, the Board is of the view that the disclosure of Senior Management's remuneration on an unnamed basis in the bands of RM50,000.00 in the Company's Annual Report 2021 is adequate.</p>
<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 7.3 - 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 positions of Chairman of the Board and Chairman of AC are assumed by two different persons. The Chairman of the Board is Mr. Wong Kok Seong, while the Chairman of the AC is Mr. Thu Soon Shien, both are Independent Non-Executive Directors of the Company. This had ensured that the objectivity of the Board's review of the AC's findings and recommendations is not impaired.</p> <p>The separation had been set out clearly in the Terms of Reference of the AC which is accessible on the Company's website at www.mnc.com.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

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	:	<p>Currently, none of the members of the AC were former key audit partners of the present auditors of the Group.</p> <p>The AC has in place a policy that requires a former key partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The policy had been codified in the Terms of Reference of AC of the Company.</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 8.3

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 Board had established the External Auditors Assessment Policy ("the Policy") together with an annual performance evaluation form. The Policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.</p> <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The AC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The AC carried out annual performance assessment of the External Auditors and requested the Executive Director(s) and Management to join the assessment.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors that consider amongst others:</p> <ul style="list-style-type: none">(a) Adequacy of resources and experience of the audit firm;(b) Quality processes of the audit firm;(c) Competency of audit engagement team;(d) Audit governance and independence;(e) Audit fee, scope and planning; and(f) Audit communications. <p>The Board, having considered the AC's recommendation and feedback, was satisfied with the suitability and independence of the External Auditors and has recommended their re-appointment to the shareholders for approval at the 17th AGM.</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 AC comprises solely of the following Independent Non-Executive Directors in line with Practice 8.4 of the Malaysian Code on Corporate Governance:- (a) Mr. Thu Soon Shien (Chairman); (b) Mr. Wong Kok Seong (Member); and (c) Dato' Kua Khai Shyuan (Member).

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	:	<p>The members of the AC possess the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of the AC. The Chairman and members of the AC are financially literate and they are able to understand matters under the purview of the AC including the financial reporting process. With the necessary skills and knowledge, they are able to detect any financial anomalies or irregularities in the financial statements as well as challenge Management's assertions on the Group's financials.</p> <p>Every year, the NRC would review the terms of office and performance of the AC members to determine whether they have carried out their duties in accordance with their Terms of Reference.</p> <p>The AC members were invited to various training programmes to keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules, to address any skills or knowledge gaps according to their needs.</p> <p>In addition, during the AC meetings, the members have also been briefed by the External Auditors on the development or changes in the Malaysian Financial Reporting Standards and the relevant accounting requirements under the Companies Act 2016.</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

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	:	<p>The Board recognises the importance of sound controls and risk management practices to good corporate governance. The Board acknowledges its overall responsibilities in establishing a sound risk management framework and internal control system within the Group. The risk management framework and internal control system are designed to manage the Group's risks within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It provides reasonable assurance against material misstatement of financial information and records or against financial losses or fraud.</p> <p>The Board keeps itself abreast of the industry development and issues to facilitate their planning and effective management of business operations, regulatory requirements and finance to mitigate the possible risks that may be faced by the Group. Adherence to standard operating procedures also ensures the Management and staff act within the authority limit to ensure check and balance and safeguard the interest of the Group.</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

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	:	<p>The Board oversees the Group risk management framework and policies, ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets and determines the nature and extent of significant risks which it is willing to take in achieving its strategic objectives.</p> <p>The Group performed risk identification and evaluation process via a series of interviews and discussions with the key personnel and management of the Group with the consideration of both internal and external environmental factors. Subsequently, the risks identified are evaluated by examining the potential impact on the Group as well as the likelihood of occurrence.</p> <p>Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control of the Annual Report 2021.</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

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 :	Not Adopted
Explanation on adoption of the practice :	

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>The internal audit function is outsourced to an independent professional consulting firm that assists the AC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. The Internal Auditors reports directly to the AC.</p> <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>To ensure that the responsibilities of Internal Auditors are fully discharged, the AC will carry out an annual performance assessment of the Internal Auditors and may request the CEO cum ED to join the assessment.</p> <p>The AC evaluated the performance of the Internal Auditors for the financial year ended 30 April 2021 based on the following evaluation criteria as set out in the Internal Auditors' annual evaluation form:-</p> <ul style="list-style-type: none">(a) Adequacy of resources and experience of the internal audit firm;(b) Quality processes of the internal audit firm;(c) Competency of engagement team;(d) Governance and independence;(e) Internal audit fee, scope and planning; and(f) Internal audit reports and communications. <p>The AC concluded its assessment that the Internal Auditors have sufficient experience and resources to satisfy their terms of reference and adequately deliver the quality services to the Group.</p> <p>The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.</p> <p>The results of the audits as disclosed in the Internal Audit Reports together with Management's response and proposed action plans were reviewed by the AC. The relevant Management members were made</p>

	<p>responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes.</p> <p>The internal audit functions and activities carried out during the financial year ended 30 April 2021 are as disclosed in the AC Report of the Annual Report 2021.</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>The internal audit function for the Group is outsourced to a third party professional internal audit service provider namely, Wensen Consulting Asia (M) Sdn. Bhd. (“Wensen”), which is independent of the operations and activities of the Group.</p> <p>The internal audit assignment is led by a Senior individual in charge of the engagement and reports to the Executive Director of Wensen. The internal audit review is staffed by three (3) internal audit personnel including the Senior individual. The Internal Audit team is free from any relationships with the Company or conflicts of interest. This will ensure that the internal audit function does not impair their objectivity and independence.</p> <p>The Executive Director of Wensen is a Practising Member of the Institute of Singapore Chartered Accountants, Member of the Malaysian Institute of Accountants (MIA) and a Fellow Member of the Association of Chartered Certified Accountants (ACCA) of the United Kingdom.</p> <p>The internal audit function is carried out in accordance with the International Professional Practices Framework set by the Institute of Internal Auditors to ensure that audit staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.</p> <p>The AC was satisfied with the competency, experience and resources of the internal audit function for discharging its role and responsibilities.</p>
Explanation for departure	:	

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

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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to provide effective communication to its shareholders and the general public regarding the business, operations and financial performance of the Group and hence, a Corporate Disclosure Policy has been adopted to ensure that the Company's communication with its shareholders and stakeholders is transparent and timely. A copy of the policy is published on the Company's website at www.mnc.com.my.</p> <p>The Company's corporate website at www.mnc.com.my serves as one of the convenient ways for shareholders and stakeholders to gain access to corporate information, news and events relating to the Group. The Company has placed various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information on its Corporate section under "Investor Relations", to further facilitate the stakeholders' understanding of the Group's business and its policies on governance.</p> <p>In addition, the "Investor Relation" section on the Company's website provides relevant links to the Company's announcements including financial results, annual reports, and other announcements made to Bursa Securities. It serves as a platform for timely information and accurate disclosure of all material information to the shareholders and stakeholders of the Company.</p> <p>Another key avenue of communication with its shareholders is the Company's Annual Report to shareholders. The Annual Report, which is prepared in accordance with the requirements of the ACE Market Listing Requirements, communicates comprehensive information of the financial results and activities undertaken by the Company. All information to shareholders are available electronically as soon as it is announced or published.</p> <p>Besides, the Company's AGM also serves as the principal forum for direct interaction and dialogue between the shareholders, the Board and the Management. The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better</p>

	understanding of the Group's performance and other matters of concern. Shareholders are encouraged to actively participate in the question and answer session. The Board, Senior Management and the External Auditors will be present to answer and provide appropriate clarifications at the 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

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	:	The Company is not a Large Company as defined under the Malaysian Code on Corporate Governance and hence, has not adopted integrated reporting based on a globally recognised framework.	
		The Board is of the view that the Company’s Annual Report is comprehensive enough for stakeholders to make informed decisions. The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company’s financial and non-financial information including future prospects. Nonetheless, the Board ensures there is ongoing engagement and communication between the Company and its stakeholders to build trust and 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, as explained under Practice 11.1 above.	
<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 12.1

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	:	<p>The notice of the 17th AGM of the Company which is scheduled to be held on 29 October 2021 was sent to the shareholders at least twenty-eight (28) days before the date of the 17th AGM this year.</p> <p>The notice of the 17th AGM dated 30 August 2021 included the details of each proposed resolution to enable shareholders to have sufficient time to consider the resolutions and to make informed decisions in exercising their voting rights.</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 12.2

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>All Directors of the Company including the Chairman of the AC and NRC had attended the previous Sixteenth AGM (“16th AGM”) of the Company held on 25 September 2020.</p> <p>During the proceedings of the previous 16th AGM, the Chairman invited the shareholders to raise any questions pertaining to the Company’s audited financial statements and other agenda items tabled for approval at the meeting, before putting the resolutions to vote.</p> <p>All the Directors of the Company will always endeavour to attend all general meetings and the Chairman of the Board committees will provide a meaningful response to 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	:	<p>The 16th AGM and the Extraordinary General Meeting of the Company which were held on 25 September 2020 and 9 April 2021 respectively were conducted on a fully virtual basis and entirely via remote participation and voting.</p> <p>In view of the National Recovery Plan as imposed by the Government to contain the spread of the COVID-19 outbreak in Malaysia, the Company will also hold its upcoming 17th AGM on a fully virtual basis and entirely via remote participation and voting. This allows the shareholders to attend, speak (including posing questions to the Company/Board) and vote remotely at the AGM without being physically present at the broadcast venue.</p> <p>Shareholders who are unable to attend the AGM may appoint proxy(ies) to participate on his/her behalf by submitting the duly executed proxy form to the Company' share registrar in hard copy or by electronic means. Alternatively, they may exercise their voting rights by appointing the Chairman of the meeting as his/her proxy with a pre-determined proxy form.</p> <p>Shareholders will be allowed to cast their votes via an online platform at the time of the meeting until a time when the Chairman of the meeting announces the completion of the voting session.</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	:	

**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.

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