

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5347
COMPANY NAME : MMC CORPORATION BERHAD
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on the application of the practice	<p>The Company is led by a Board of Directors ("Board") responsible for formulating and reviewing the Group's strategic plans, key policies and charting the Group's business operations.</p> <p>The Board is guided by the Board Policy Manual, apart from the Company's Constitution and Companies Act 2016, in discharging its duties effectively. The Board Policy Manual serves as guidelines for the Board and its Committees in executing their responsibilities. The Board Policy Manual is available on the Company's website at www.mmc.com.my</p> <p>The Board has three (3) standing Committees, namely, the Audit Committee, Nomination and Remuneration Committee and Finance, Investment and Risk Committee, each operating within the defined Terms of Reference, to assist the Board in discharging its responsibilities.</p> <p>The Board together with the Management on an annual basis, conduct a strategy review and budget challenge session whereby it provides an avenue for the Board and Management to discuss, among others, the strategic direction of the Company for a given year, the financial and operational performance of the Company, the setting of the Key Performance Indicators ("KPIs"), budget allocation, etc.</p> <p>The Board ensures that all Directors are well-versed in the Group's diversified business operations to encourage a robust discussion in meetings relating to the development, progress and implementation of the Group's Business Plan and Strategies.</p> <p>The Board had, at its Meeting held on 25 November 2020, approved the Group's 5-year Strategic Business Plan (2021-2025) and the 2021 Corporate KPIs.</p>

	<p>The Board would ensure that, based on the approved collective strategies, the four (4) core divisions of the Company would meet their respective annual targets and KPIs, remain on-course and do not deviate from the Group’s strategic aims for the year.</p> <p>The Group Managing Director (“GMD”), assisted by the Senior Management team, is responsible for the business and day-to-day management of the Company. The Board will monitor the performance of the Group through the quarterly progress report presented to the Board by the GMD at the Board Meeting.</p> <p>The Board, through the Finance, Investment and Risk Committee (“FIRC”), reviews the periodic risk report of the Group to ensure that the risk management and control measures are in place. In addition, the FIRC also reviews the effectiveness of MMC’s Group strategies, policies, procedures, principles and practices pertaining to sustainability in upholding good Economic, Environmental and Societal (“EES”) practices.</p> <p>In 2020, the Company had established an Integrity and Governance Unit, and the same was incorporated as part of the Group Risk Management Department. In addition to the Group’s risks, the FIRC is also responsible for the Group’s integrity-related matters.</p> <p>The Audit Committee provides critical oversight of the Group’s financial reporting process, monitoring the external and internal auditing processes, compliance with relevant legal and statutory matters, etc.</p> <p>While, the Nomination and Remuneration Committee is tasked with the responsibility of, among others, overseeing the succession planning and talent management of the Company, establishing a competitive remuneration policy of the Group, etc.</p> <p>The Group had also adopted the Business Continuity Management (“BCM”) Plan, where the implementation of BCM activities and plans are reviewed and monitored by the Board to ensure continuity of the Group’s business/operations.</p> <p>The Group had activated its BCM Plan in 2020 as the result of the outbreak of the COVID-19 pandemic, whereby the Group’s business/operations had continued without disruptions despite the pandemic.</p> <p>The Board has identified the Annual Report and the Annual General Meeting as the key channel of communications with the shareholders/stakeholders to report the Company’s progress and performance.</p>
<p>Explanation for departure</p>	<p>:</p>

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

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 the application of the practice	<p>MMC had, on 1 September 2020, appointed YBhg. Datuk Seri Tajuddin Atan as the new Chairman in place of YBhg. Tan Sri Shamsul Azhar Abbas who had resigned on 31 August 2020.</p> <p>YBhg. Datuk Seri Tajuddin Atan, with his vast experience and knowledge, continued to drive the Board in ensuring that the Group's aspirations and objectives are aligned with the business activities carried out by the Management.</p> <p>The Chairman is responsible for leading and guiding the Board whilst maintaining the highest standard of governance. He also acts as the main link between the Board and the Management and vice versa.</p> <p>The Chairman's duties and responsibilities are specified in Section 3.1 of the Board Policy Manual, which is available on the Company's website at www.mmc.com.my.</p> <p>Some of the roles and responsibilities of the Chairman are as follows:</p> <ul style="list-style-type: none">(a) Provide Leadership to the Board;(b) Chair meetings of the Board in such a manner that will stimulate debate on issues before the Board and encourage the most effective contribution from each Member;(c) Chair meetings of shareholders and ensure effective communication with shareholders and relevant stakeholders;(d) Consultation with the Company Secretary in setting the Agenda for the Meeting;(e) Act as liaison between the Board and Management. The Chairman is the main link between the Board and Management and particularly between the Board and the Group Managing Director/Group Chief Executive Officer;(f) Ensure proper committee structure, including assignments of members and committee chairmen;(g) Ensure that all Board members, upon taking up their office, are fully briefed on the terms of their appointment, time commitment, duties and responsibilities, and the business of MMC Group of Companies; and(h) Conduct performance assessment of the Board, its Committees and individual Directors.

	<p>The Chairman, with the assistance of the Company Secretaries, also ensures that good corporate practices and procedures are established and implemented throughout the Group.</p> <p>The Chairman also acts as a contact person for reporting any improper conduct or wrongdoing by the Directors/Senior Management. The shareholders/stakeholders may address any concern pertaining to the Company to the Chairman at any point in time.</p> <p>The profile of the Chairman is stated in the Director's profile in the Annual Report 2020.</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

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 the application of the practice	:	<p>There is a distinct and clear division of roles and responsibilities of the Chairman, YBhg. Datuk Seri Tajuddin Atan and GMD, YBhg. Dato' Sri Che Khalib Mohamad Noh, to ensure a strict balance of power and authority so that no one individual has unfettered power.</p> <p>The duties and responsibilities of the Chairman and GMD are separated by a clear division of responsibilities. They are defined, documented and approved by the Board.</p> <p>The duties and responsibilities of the Chairman and GMD are specified in Section 3.1 and 3.2 of the Board Policy Manual, which is available on the Company's website at www.mmc.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

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 the application of the practice	<p>The Board of MMC is supported by two (2) professionally qualified Company Secretaries. Puan Sazlin Ayesha Abdul Samat has been the Company Secretary of MMC since 2006. She is the holder of the Bachelor of Law degree.</p> <p>She is assisted by Cik Sharifah Ashtura Jamalullail Syed Osman, who was appointed as the Joint Company Secretary on 7 July 2020. She is the holder of the Bachelor of Corporate Administration (Honours) degree.</p> <p>Both are Licensed Secretaries under Section 235 (2) of the Companies Act 2016 and are issued with a practising certificate by the Registrar of Companies.</p> <p>The Company Secretaries are responsible for ensuring that Board procedures are followed, and the application of the rules and regulations for the conduct of the affairs of the Board are complied with to ensure the Board's efficient operation. The Company Secretaries are also responsible for ensuring compliance by MMC Group with the relevant regulations affecting MMC Group, including but not limited to the Companies Act 2016, Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") and the Capital Market and Services Act 2007 provisions, where applicable.</p> <p>The Company Secretaries are also responsible for managing all Board and Committees meeting logistics. The minutes of all Board and Board Committees meetings are properly recorded and kept by the Company Secretaries. The Company Secretaries ensure that deliberations at Board and its Committees meetings are well documented. The Board and Committees' decisions are communicated to the relevant Heads of Departments via the Action List, which will be circulated within one (1) day from the day of the Board/Committees meeting for their appropriate actions.</p> <p>The Board would be updated on the follow-up of the Board and Committees' decisions via the Matters Arising. Action items would remain as Matters Arising in the minutes of meetings until they are resolved.</p>

	<p>The Company Secretaries facilitate the Board in the conduct of the Company's general meeting. In 2020, the Company Secretaries played a vital role in ensuring that the unprecedented Virtual Annual General Meeting ("AGM") was properly called, convened, conducted and constituted in accordance with Company's Constitution and all applicable rules and regulations. The Group Chairman and the Board were assisted by the Company Secretaries when addressing queries raised by the shareholders at the Virtual AGM. The proceedings of the Virtual AGM was properly recorded and minuted, and the same was published on the Company's website.</p> <p>The Board is also assisted by the Company Secretaries in applying governance practices to meet the Board's needs and stakeholders' expectation. The Company Secretaries would facilitate the orientation and familiarisation program for new Directors and assist in Director's training and development.</p> <p>The Company Secretaries constantly keep themselves abreast of the current developments in the regulatory framework and governance practices by attending relevant training programs and continuous development programs organised by the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Companies Commission of Malaysia. Despite the pandemic outbreak, for Financial Year 2020, the Company Secretaries had attended the relevant online training programs organised by the said organisations as part of their continuing training.</p> <p>The roles and responsibilities of the Company Secretaries are set out in the Board Policy Manual, which is available on the Company's website at www.mmc.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

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 the application of the practice	:	<p>The Board meets at least four (4) times every financial year. The Board meetings are scheduled in advance, to allow Directors sufficient time to plan their attendance. The 2020 annual meeting calendar was prepared and tabled to the Board at its Meeting held on 26 November 2019 for the Board's notation. Special Board meetings are convened between regular Board meetings, with sufficient notice, as and when necessary, to consider ad-hoc matters that require expeditious deliberation and decision by the Board.</p> <p>Seven (7) Board meetings were held during the Financial Year 2020. Meetings were conducted via Microsoft Teams Meeting ("MTeams") during the Movement Control Order ("MCO") imposed by the Government in 2020.</p> <p>The Notice of the meeting together with the Agenda and meeting materials are circulated in a timely manner, to allow a reasonable time for the Directors to review the papers before the meeting. The same Notice is also circulated to the Management indicating the submission dateline for board papers to be deliberated at the Board/Committees meeting. A prescribed format of the board papers which includes the objective, background, summary or rationale, the proposal and way forward, risk factors, conclusion and recommendation, is required to be adhered to by the Management in presenting any proposal to the Board/Committee.</p> <p>The minutes of proceedings of each Board/Committee meeting are circulated to all Directors in a timely manner for comments prior to confirmation. The signed minutes of the Board/Committee meetings are entered in the Minutes Books kept by the Company Secretaries.</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

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 the application of the practice	:	<p>The Board Policy Manual acts as a source of reference to the Board for matters relating to the Board's organisation, responsibilities and procedures, etc. The powers and authority of the Board are derived from the Company's Constitution, the Companies Act 2016 and the Listing Requirements, as amended from time to time.</p> <p>The Board Policy Manual is published on the Company's website at www.mmc.com.my</p> <p>The Board Policy Manual clearly identifies the respective roles and responsibilities of the Board, Board Committees, the Chairman, the GMD and the Senior Independent Director.</p> <p>The Board Policy Manual is reviewed from time to time and updated according to the needs of the Company and any new regulations that may impact the roles and responsibilities of the Board/Committees.</p> <p>The Board is aware of the importance of continuous training for the Directors to enable them to discharge their duties effectively. The Board will continuously evaluate and determine the training needs of the Directors as prescribed in the Board Policy Manual. All Directors are encouraged to attend continuous education programmes and seminars to keep abreast of the current developments and business environment affecting their roles and responsibilities.</p> <p>The Group Corporate Secretarial Department facilitates and coordinates internal and external training programmes, which are beneficial in aiding the Directors in discharging their duties and responsibilities effectively.</p> <p>The Directors' training needs are annually assessed via the Board Evaluation Form. The Directors will indicate their interest in the required areas of training to further enhance the necessary knowledge and skills to enable them to effectively discharge their duties.</p>

MMC had, on 16 December 2020, organised an in-house briefing session on the Cyber Security Awareness and Budget 2021 Tax Proposal by Messrs. PricewaterhouseCoopers PLT for the Board of Directors of MMC Group Companies.

During the financial year under review, all Directors attended training, either organised internally by the Company or externally, as set out below:

Directors	Titles
Datuk Seri Tajuddin Atan	<ul style="list-style-type: none"> ▪ Briefing on the Cyber Security Awareness and Budget 2021 Tax Proposal
Dato' Sri Che Khalib Mohamad Noh	<ul style="list-style-type: none"> ▪ Shariah Government & Shariah Compliant Culture in Islamic Financial Institutions ▪ Briefing on the Cyber Security Awareness and Budget 2021 Tax Proposal
Datuk Ooi Teik Huat	<ul style="list-style-type: none"> ▪ Briefing on the Cyber Security Awareness and Budget 2021 Tax Proposal
Dato' Abdul Hamid Sh Mohamed	<ul style="list-style-type: none"> ▪ Briefing on the Cyber Security Awareness and Budget 2021 Tax Proposal
Dato' Siti Halimah Ismail	<ul style="list-style-type: none"> ▪ The Malaysian Economic Summit 2020 ▪ Briefing on the Cyber Security Awareness and Budget 2021 Tax Proposal
Syed Naqiz Shahabuddin Syed Abdul Jabbar	<ul style="list-style-type: none"> ▪ Briefing on the Cyber Security Awareness and Budget 2021 Tax Proposal
Dato' Ir. Jamaludin Osman	<ul style="list-style-type: none"> ▪ Briefing on the Cyber Security Awareness and Budget 2021 Tax Proposal
Sharifah Sofia Syed Mokhtar Shah	<ul style="list-style-type: none"> ▪ The Malaysian Economic Summit 2020 ▪ Briefing on the Cyber Security Awareness and Budget 2021 Tax Proposal ▪ Briefing on Malaysia Budget 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

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 the application of the practice	:	<p>The Code of Ethics ("COE") outlines MMC Group's commitment to appropriate and ethical practices. It sets out the principles, practices and standards of personal and corporate behaviour. All Directors and employees of MMC Group are required to comply with the COE, and failure to comply with COE is a serious breach, and appropriate action will be taken for its non-compliance.</p> <p>The COE is published on the Company's website at www.mmc.com.my</p> <p>The COE will be reviewed by the Board every three (3) years to ensure its relevancy and align with the relevant rules and regulations.</p> <p>Any change to the COE will be communicated to all levels of the Organisation, including the Board of Directors.</p> <p>In 2020, Management had reviewed the COE mainly to align with the Company's duly approved Anti-Bribery and Anti-Corruption Policy and Framework. The revised COE was approved by the Board on 24 August 2020.</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 3.2

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

Application :	Applied
Explanation on the application of the practice :	<p>MMC is committed to promoting and maintaining high standards of transparency, accountability, ethics and integrity at the workplace in line with its Integrity, Innovation, Teamwork, Excellence and Commitment ("INTEC") values. An accountable and transparent workplace provides a mechanism for employees to voice genuine concerns in a responsible and appropriate manner.</p> <p>In view thereof, the Board has established and adopted a Whistleblowing Policy where it provides an avenue for the employees and a third party to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal.</p> <p>A disclosure of Improper Conduct may be made orally or in writing (via a letter or electronic e-mail to mmcwbreport@gmail.com). When a disclosure is made orally, the person receiving the disclosure shall, as soon as it is practicable, reduce the same to writing. Any Improper Conduct discovered or genuinely suspected by the Whistleblower shall be reported immediately to the Chief Internal Auditor.</p> <p>The Whistleblower or persons connected to him/her shall be protected from any detrimental action as a direct consequence of the disclosure. Additionally, the Whistleblower's identity and other confidential information shall not be disclosed save with the Whistleblower's consent or otherwise required by law. The protection conferred under this Policy is not affected, notwithstanding that the disclosure of the improper conduct does not result in any disciplinary action on the person against whom the disclosure was made.</p> <p>The Whistleblowing Policy of MMC was reviewed to be in line with the changes in law and regulation, and the same was approved by the Board on 25 November 2020.</p> <p>The Whistleblowing Policy is published on the Company's website at www.mmc.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

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 the application of the practice	:	<p>The Board comprises a majority of Independent Directors (“IDs”), of which out of eight (8) Directors, five (5) are IDs. All IDs satisfy the independence test as prescribed by the Listing Requirements, and are able to act in an independent and objective manner.</p> <p>The Directors, on an annual basis, give confirmation as to whether he/she has any family relationship with any Director and/or major shareholders of the Company, any conflict of interest with the Company and any convictions for offences for the last five (5) years other than traffic offences.</p> <p>The Board, through the Nomination and Remuneration Committee (“NRC”), on an annual basis, assess the independence of IDs via the Board Evaluation Assessment as follows:</p> <ul style="list-style-type: none"> (i) Self and Peer Assessment to ensure that the IDs are independent of management and free from any business or other relationship that could materially interfere with the exercise of independent judgment or the ability to act in the best interest of the Company; and (ii) A form of Declaration of Independence to be signed by the IDs to facilitate the process of determining the Director’s Independence. <p>Based on the Board Evaluation Assessment conducted for the Financial Year 2020, it can be concluded that none of the IDs had any interest or relationship that could reasonably be perceived to materially interfere with the independent exercise of their judgment.</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	:		
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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	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on the application of the practice	<p>The Company seeks annual shareholders' approval for its Directors who have served in that capacity for more than nine (9) years.</p> <p>At the Company's 44th Annual General Meeting ("44th AGM"), shareholders' approval was sought for the continuation in office as Independent Directors for two (2) Directors who have exceeded the cumulative term of more than nine (9) years.</p> <p>For the forthcoming 45th Annual General Meeting (45th AGM"), MMC will seek shareholders' approval via a single-tier voting process for YBhg. Datuk Ooi Teik Huat and YBhg. Dato' Abdul Hamid Sh Mohamed, who have served as Independent Directors for 13 years and less than 12 years respectively, to continue to act as Independent Directors. The Board has decided not to adopt a two-tier voting process to retain YBhg. Datuk Ooi Teik Huat, who has served as Independent Director for a cumulative period of more than 12 years.</p> <p>The Board, through NRC, had reviewed the performance of YBhg. Datuk Ooi Teik Huat and YBhg. Dato' Abdul Hamid Sh Mohamed and was of the view that the independence of a Director is measured by his conduct and his state of mind, his appearance, as well as his ability to exercise independent judgment and act in the best interest of the Company. The length of time is not the sole determinant of his credibility as an Independent Director.</p> <p>The continuation of YBhg. Datuk Ooi Teik Huat and YBhg. Dato' Abdul Hamid Sh Mohamed to act as Independent Directors are based on the following justifications:</p> <p>(i) They fulfil the criteria as an Independent Director as defined in the Listing Requirements, and therefore is able to bring independent and objective judgment to the Board;</p>

	<p>(ii) Their immense experience in their respective fields/background enable them to provide the Board with a diverse set of experience, expertise, skills and competence;</p> <p>(iii) They understand the Company's business operations which allow them to participate actively and contribute to deliberations or discussions at the Board and Committees meetings;</p> <p>(iv) They devote sufficient time and effort and attend all the Board and Committees meetings for informed and balanced decision making; and</p> <p>(v) They exercise due care with their professionalism aptitude as Independent Directors of the Company and carry out their professional and fiduciary duties in the interest of the Company and shareholders.</p> <p>Based on the following justifications, resolutions on the continuation to act as Independent Directors will be tabled at the Company's 45th AGM to be held on 10 May 2021.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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 the 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 the application of the practice	:	<p>The Board recognises the importance of diversity in designing its composition while taking into account the pertinent skills, knowledge and experience necessary to further enhance the composition of the Board. The Board is of the view that diversity is considered from a number of aspects, including but not limited to gender, age, educational background, ethnicity, professional experience, skills and knowledge.</p> <p>The NRC will continue to consider candidates of different gender, ethnic, and age with the appropriate skills, experience, and characteristics as part of its selection exercise for the Board and Senior Management of the Company.</p> <p>The appointment of YBhg. Datuk Seri Tajuddin Atan, as the new Chairman of MMC, was thoroughly reviewed and deliberated by the NRC prior to a recommendation to the Board for his appointment. His qualifications, skills and experience were considered for the said appointment to maintain the appropriate mix of skills, diversity, experience and expertise of the Board.</p> <p>For Financial Year 2020, the Board is satisfied with the existing number and composition of the members and is of the view that the Board comprises a good mix of members with diverse academic backgrounds to provide for a collective range of skills, expertise and experience, which are relevant to support the growth and cope with the complexities of the Company's businesses. The composition of the Board is such that no individual or small group of individuals can dominate the Board's decision making.</p> <p>The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, cultural background, gender and age. In addition, the Company had in place a structured succession planning for the Key Senior Management/Mission Critical Position to identify talents within the Group for the said position.</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 4.5

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	:	Departure
Explanation on the application of the practice	:	
Explanation for departure	:	Currently, the Board of MMC comprised two (2) women Directors. Although there is no written policy on gender diversity, the Board acknowledges the importance of having women representation on the Board. The Board fully supports the country's aspiration to increase women representation on the Board of Malaysian Companies.
	:	Alternative Practice: The Board would consider the appointment of a suitably qualified candidate, including women, on the Board of the Company. The appointment must be one that complements the Board's dynamic, which consists of individuals from diverse academic backgrounds/experience that is relevant to the operation/business of the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will endeavour to source for more women representation on the Board.
Timeframe	:	By 2023

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 the application of the practice	:	There is a formal process in place for the selection and the appointment of Independent Directors to ensure transparency and objectivity in such appointments. The Company's Constitution allows nomination by the shareholders. The Board also utilises various sources to identify suitable qualified candidates. The Board then, through the NRC, review the general qualifications and experience, as well as the specific qualifications a candidate should possess to ensure the Board maintained the appropriate mix of diversity, skills, experience and expertise. A background check with the Malaysian Anti-Corruption Commission ("MACC") would also be conducted on the candidate to ensure that the candidate does not have any record with MACC for corruption-related offences, which could affect his appointment as a Director of MMC. The NRC will also assess whether the candidate has any interest or relationship that may impact or influence his ability to act in the best interest of MMC before a recommendation is made to the Board to appoint the candidate as an Independent Director of MMC.
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 the application of the practice	:	<p>The NRC is chaired by YBhg. Datuk Seri Tajuddin Atan, an Independent Non-Executive Chairman.</p> <p>The membership of the NRC is set out in the Terms of Reference ("TOR"). The TOR of the NRC is published on the Company's website at www.mmc.com.my</p> <p>An excerpt of the NRC TOR is also disclosed in the Board Policy Manual, which is also available on the Company's website.</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 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	:	Departure
Explanation on the application of the practice	:	
Explanation for departure	:	<p>The Board had, for Financial Year 2020, undertaken the annual assessment exercise to evaluate the performance of the Board, Board Committees, as well as the performance of individual Directors via a 360° evaluation, which is conducted internally.</p> <p>The findings of the Board's evaluation was deliberated at the NRC and Board Meeting. Overall, the findings/results of the 2020 Evaluation were satisfactory.</p> <p>The Board will appoint an Independent Consultant to assist in the Financial Year 2021 Board's evaluation.</p> <p>Alternative Practice: The Group Corporate Secretarial Department facilitates the assessment exercise.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will consider engaging an Independent Consultant to undertake the annual assessment exercise for the Board, once in every three (3) years.
Timeframe	:	By 2021

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 the application of the practice	:	<p>The Board has established a formal and transparent process in determining the appropriate remuneration package for the Board.</p> <p>The Board, with the assistance of the NRC, reviews the level of remuneration of Directors to ensure that it is sufficient to attract and retain the Directors needed to lead the Company to success. The level of remuneration reflects the experience and level of responsibilities undertaken by the Directors.</p> <p>A review of the Non-Executive Directors ("NEDs") fixed fee was conducted in 2020, of which the said fee had been increased from RM8,000.00 to RM10,000.00 per month, to commensurate with the increasing responsibility of the NEDs. The increase in the NEDs fixed fee was within the mandate obtained from the shareholders at the Company's 44th AGM.</p> <p>The detailed remuneration received by the Directors for the Financial Year 2020 is disclosed in the Corporate Governance Overview Statement in the Annual Report.</p> <p>The NRC is also responsible for reviewing the MMC Group of Companies' general remuneration policy to ensure alignment of compensation to corporate performance.</p> <p>The NRC is also responsible for recommending to the Board the utilisation of the provision for annual salary increment and performance bonus for each financial year.</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 the application of the practice	:	<p>The NRC comprises wholly of Independent Directors. The Terms of Reference ("TOR") of the NRC is published on the Company's website at www.mmc.com.my</p> <p>An excerpt of the NRC TOR is also disclosed in the Board Policy Manual, which is also available on the Company's website.</p> <p>The duties of the NRC include, amongst others:</p> <ul style="list-style-type: none">• Consider and recommend to the Board suitable candidates for appointment as Board members of MMC, its Committees, subsidiaries and associates companies based on the pre-determined criteria;• Assess the effectiveness and performance of the Board as a whole, its Committees and the contribution of each individual Director annually;• Assess annually the independence of an Independent Director who has served for a cumulative period of nine (9) years;• Facilitate Director's induction and training programs;• Review and recommend to the Board the general remuneration policy of the MMC Group of Companies;• Recommend to the Board the remuneration package of the Non-Executive Directors, Group Managing Director/Group Chief Executive Officer and Senior Management of MMC Group of Companies (Grade 17 and above); and• Review the performance of the Group Managing Director/Group Chief Executive Officer and Executive Directors within the MMC Group against their predetermined performance targets. <p>The NRC had, during the Financial Year 2020, reviewed and made recommendations on the following matters to the Board:</p>

	<ul style="list-style-type: none"> • Evaluation of the size, composition and effectiveness of the Board; • Re-election of Directors and continuation in office as Independent Director at the 2020 Annual General Meeting (“AGM”); • Proposed remuneration review, annual increment and performance bonus for the employees; • Proposed remuneration review, annual increment and performance bonus for the GMD; • Proposed revision of the Board’s fixed fee for the NEDs; • The appointment of the new Chairman; • The appointment of the Senior Management and the Group Company Secretary of MMC; and • MMC’s FY 2019 Corporate KPIs achievements.
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 the application of the practice	:	The remuneration received by each of the Non-Executive Director and the GMD for the Financial Year 2020 is disclosed in the Corporate Governance Overview Statement in the Company's Annual Report 2020. The breakdown of the remuneration includes monthly fees, Committees' fixed allowance, meeting allowances, benefits-in-kind, etc.
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 :	Applied																																														
Explanation on the application of the practice :	<p>The Board has in place policies and procedures to determine the remuneration of Senior Management, which take into account the demands, complexities and performance of the Company as well as skills and experience required.</p> <p>The disclosure on the remuneration of the top five (5) Senior Management on a named basis for the Financial Year 2020 is made in bands of RM100,000.00, as follows:</p> <table border="1" data-bbox="438 920 1485 1942"> <thead> <tr> <th rowspan="2">Name of Senior Management</th> <th colspan="5">Range of Remuneration</th> </tr> <tr> <th>RM700k - RM800k</th> <th>RM1.0 mil - RM1.1 mil</th> <th>more than RM1.1 mil - RM1.2 mil</th> <th>more than RM1.2 mil - RM1.3 mil</th> <th>more than RM1.4 mil - RM1.5 mil</th> </tr> </thead> <tbody> <tr> <td>Badrulhisyam Fauzi (Group Chief Financial Officer) (appointed on 1 July 2020)</td> <td>X</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mohd Razin Ghazali (Chief Operating Officer, Technical & Engineering)</td> <td></td> <td></td> <td></td> <td></td> <td>X</td> </tr> <tr> <td>Dr. Mabel Lee Khuan Eoi (Director, Group Treasury)</td> <td></td> <td></td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Lucy Wong Kam Yang (Chief Internal Auditor)</td> <td></td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ir. Chee Weng Loon (Director, Engineering & Contracts)</td> <td></td> <td></td> <td></td> <td>X</td> <td></td> </tr> </tbody> </table> <p>The breakdown of the remuneration includes salary, bonus, benefits-in-kind and other emoluments.</p>						Name of Senior Management	Range of Remuneration					RM700k - RM800k	RM1.0 mil - RM1.1 mil	more than RM1.1 mil - RM1.2 mil	more than RM1.2 mil - RM1.3 mil	more than RM1.4 mil - RM1.5 mil	Badrulhisyam Fauzi (Group Chief Financial Officer) (appointed on 1 July 2020)	X					Mohd Razin Ghazali (Chief Operating Officer, Technical & Engineering)					X	Dr. Mabel Lee Khuan Eoi (Director, Group Treasury)			X			Lucy Wong Kam Yang (Chief Internal Auditor)		X				Ir. Chee Weng Loon (Director, Engineering & Contracts)				X	
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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 7.3 - 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 the 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 the application of the practice	:	<p>The Audit Committee is chaired by the Senior Independent Non-Executive Director, YBhg. Datuk Ooi Teik Huat.</p> <p>In order to ensure that the AC Terms of Reference ("TOR") remains relevant and is up-to-date, the AC had reviewed the TOR in 2020, and the same was approved by the Board on 25 November 2020.</p> <p>The TOR of the Audit Committee is published on the Company's website at www.mmc.com.my.</p> <p>An excerpt of the TOR of the Audit Committee is also disclosed in the Board Policy Manual, which is also available on the Company's website.</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 the application of the practice	:	<p>None of the members of the Board is a former key audit partner. As such, no such person is appointed as an Audit Committee member.</p> <p>The policy on observation of a cooling-off period of at least two (2) years for a former key audit partner prior to the appointment as a member of the Audit Committee had been incorporated in the TOR of the Audit Committee.</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 the application of the practice	:	<p>The Audit Committee is responsible for reviewing, assessing, and monitoring the performances, suitability, and independence of the External Auditors according to a framework/policy approved by the Board. The Policy is in line with Practice 8.3 of the Code.</p> <p>The assessment will be conducted annually to assess the performance of the External Auditors prior to making a recommendation to the shareholders for re-election. The assessment includes, among others, the scope of external audit and the audit plan, the audit and non-audit fees, the performance of the auditors, the evaluation of the adequacy and effectiveness of the internal controls system, etc.</p> <p>In 2020, the Audit Committee had assessed the performance of the External Auditors, Messrs. PricewaterhouseCoopers PLT ("PWC"), and was satisfied with the quality of the services rendered and the competency and sufficiency of resources provided for the Company. In view thereof, the Audit Committee recommended for PWC to be retained as the Company's External Auditors for 2021. A resolution on the re-appointment of PWC as the Company's Auditors will be tabled at the forthcoming 45th AGM to be held on 10 May 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

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	:	Not Adopted
Explanation on the 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 8.5

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 the application of the practice :	<p>The Board reviews the performance of the Audit Committee through the annual Board Committee assessment. The members of the Audit Committee have relevant accounting or related experience/expertise in auditing to discharge their duties and responsibilities effectively.</p> <p>The Chairman and the members of the Audit Committee are financially literate and have carried their duties and responsibilities in accordance with the TOR of the Audit Committee.</p> <p>The members undertake continuous professional development to keep abreast of the latest and relevant developments in the accounting and auditing standards, practices, rules, regulations, etc.</p> <p>During the Financial Year 2020, the members of the Audit Committee had attended the relevant training to better equip themselves and assist them in discharging their duties as members of the Audit Committee.</p> <p>The qualification of the Audit Committee members is disclosed in the Board of Directors' Profile in the Annual Report.</p> <p>Based on the annual Board Committee assessment, the Board is satisfied with the performance of the Audit Committee and its members.</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 the application of the practice	<p>The Board approved the risk management and internal control framework of the Group.</p> <p>The Board reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system of the Group to ensure that significant risks faced by the Group are being managed appropriately to respond to changes in the business environment. There are two (2) Committees at the Board level that have the primary risk management and internal control oversight responsibilities:</p> <ul style="list-style-type: none"> • The Finance, Investment and Risk Committee – oversight over risk management; and • The Audit Committee – oversight on governance, internal control system and financial matters. <p>The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:</p> <ul style="list-style-type: none"> • Quarterly reviews on the Group's actual financial and operational performance versus planned performance and other key financial and operational performance indicators; • Specific transactions, projects or opportunities are also discussed between the Management and the Board as and when required. This allows the Board and the Management to manage potential risks; • The Group's Risk Management Report is presented quarterly to the Finance, Investment and Risk Committee by the Group Risk and Integrity Management Department to provide an overview of the Group's key risks and how they are being addressed. It also includes the summary report on Business Continuity Management of the Group and the Anti-Bribery and Anti-Corruption Implementation Program Update Report. The report is also presented to the Board. The Board notes and provides its views which are then communicated to the respective risk owners by the Group Risk and Integrity Management Department; and

	<ul style="list-style-type: none"> The Audit Committee deliberates and discusses reports issued by the Group Internal Audit and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issues discussed is also updated to the Audit Committee to monitor the actions. <p>The details of the Risk Management and Internal Control of the Group are disclosed in the Company's Annual Report.</p> <p>The Finance, Investment and Risk Committee activities are also disclosed in the Company's Annual Report 2020.</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 the application of the practice	:	<p>A Statement on the Risk Management and Internal Control System of the Group is disclosed in the Company's Annual Report.</p> <p>For the Financial Year 2020, the Board was of the opinion that the risk management and internal control systems were adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of MMC.</p> <p>There was no major internal control weakness identified during the year under review that may result in any material loss or uncertainty to the Company.</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 make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on the adoption of the practice	:	All three (3) members of the Finance, Investment and Risk Committee, namely YBhg. Dato' Abdul Hamid Sh Mohamed (Chairman), YBhg. Datuk Ooi Teik Huat and YBhg. Dato' Siti Halimah Ismail are Independent Directors. They satisfied the independence test as prescribed by the Listing Requirements.

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 the application of the practice	:	<p>The Board has established an in-house internal audit function for the Group, which is headed by the Chief Internal Auditor (“CIA”). The Group Internal Audit (“GIA”) is independent of Management, where it has a direct reporting to the Audit Committee and administratively to the GMD. The function of the GIA is governed by the GIA Charter, which is approved by the Audit Committee.</p> <p>The role of the GIA is to provide an independent and objective assurance on governance, risk management and control system of the Group. It conducts regular audits on all subsidiaries and principal areas of operation within the Group to ensure that the Group’s system of internal controls remains effective and efficient and is adequately monitored and enhanced. The Audit Committee had, in November 2020, approved the Annual Internal Audit Plan of the GIA for 2021.</p> <p>The CIA is responsible for reporting to the Audit Committee on the assessment of adequacy and effectiveness of the Group’s control mechanism.</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 the application of the practice	:	<p>The internal auditors are free from any relationship or conflict of interest or undue influence on others that could impair their objectivity and independence.</p> <p>The independence of the GIA is derived from its direct reporting and unencumbered access to the Audit Committee.</p> <p>The CIA, Ms. Lucy Wong Kam Yang, a Certified Internal Auditor, reports directly and functionally to the Audit Committee and administratively to the GMD.</p> <p>There are nine (9) auditors under the GIA Department with relevant qualifications and experience.</p> <p>The function of the GIA is governed by the GIA Charter, which is approved by the Audit Committee.</p> <p>The details of the GIA functions and activities are disclosed in the Company's Annual Report.</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

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 the application of the practice :	<p>The Company maintains a Corporate website at www.mmc.com.my, which provide information relating to Annual Reports, quarterly results and all other announcements as prescribed by the Listing Requirements in a timely manner for the shareholders/stakeholders' information. The Board Policy Manual, TOR of the NRC and Audit Committee are also disclosed on the Company's website.</p> <p>The Company values feedback from its shareholders and encourages them to actively participate in discussions and deliberations. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Company ensures that a reasonable time is provided to the shareholders for discussion before each resolution is proposed.</p> <p>The Board and/or Management continues to meet with research analysts, fund managers, members of the media/business editors and institutional investors from both the local and international investment community</p> <p>There is also a dedicated section on Investors' Relation on the Company's website for the dissemination of corporate and financial disclosures to ensure that the Investment Community receive relevant, timely and comprehensive information about the Group.</p> <p>Stakeholders can also channel any concerns or feedback to the key IR spokespersons of MMC, namely Encik Asyraf Suhaimi Sulaiman and Encik Mohamad Izzat Serpudin, at investors@mmc.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

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	:	Applied	
Explanation on the application of the practice	:	The Financial Year 2020 Annual Report will mark the Company's second year that it has made reference to the Integrated Reporting ("IR") framework. The Company will continue to identify and attempt to narrow gaps in the Annual Report against the IR framework in stages.	
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 12.1

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

Application	:	Applied	
Explanation on the application of the practice	:	In line with the recommendations of the Code, the Notice of the 44 th Annual General Meeting (“AGM”) of the Company dated 19 May 2020 was issued to the shareholders more than 28 days prior to the AGM held on 22 June 2020.	
Explanation for departure	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		
	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on the application of the practice	:	<p>The 44th AGM of the Company was held via remote participation and electronic voting (“RPV”) or virtual AGM due to the MCO imposed by the Government of Malaysia. All Directors, either physically or online, attended the Company’s 44th AGM held on 22 June 2020 to engage directly with the shareholders. The Chairmen of the Audit Committee, Nomination and Remuneration Committee and Finance, Investment and Risk Committee were on standby to receive any queries by the shareholders in relation to their Committees’ activities and functions.</p> <p>The Management and External Auditors were also in attendance at the Company’s 44th AGM to respond to the shareholders’ queries.</p> <p>The proceedings of the 44th AGM included the presentation by the GMD on highlights of the MMC Group’s financial performance and business operations overview for 2019, to deepen the shareholders’ understanding of the Company’s state of affairs.</p> <p>The Company also shared with the shareholders the responses to the questions raised by the Minority Shareholders’ Watch Group (“MSWG”) at the Meeting.</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

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 the application of the practice	:	The Company's 44th AGM was conducted via remote participation and electronic voting ("RPV"). By leveraging on the RPV facilities, the shareholders participated remotely and cast their votes electronically.	
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
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

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

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