

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3891
COMPANY NAME : Malayan United Industries Berhad
FINANCIAL YEAR : June 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 of the Company and focuses mainly on strategy, performance, standard of conduct and critical business issues.</p> <p>The Board currently consists of 6 Directors:</p> <ul style="list-style-type: none"> • 1 Chairman and Chief Executive Officer ("CEO") • 1 Executive Director • 3 Independent Non-Executive Directors • 1 Non-Independent Non-Executive Director <p>The Board has reserved certain material matters for the collective review and decision by the Board. Matters reserved for the Board include but are not limited to the following:</p> <ul style="list-style-type: none"> • Group's business strategy and business plan. • Annual budgets, including major capital commitments. • Material acquisition and disposal of assets. • Changes to the senior management and control structure. <p>The Board has formed different Board committees, in support of independent oversight of management that operate within the defined terms of reference. These committees are:</p> <ul style="list-style-type: none"> • Audit Committee • Nomination Committee • Remuneration Committee <p>The Board meets at least 4 times a year, with additional meetings convened if necessary. Board meetings are typically scheduled a year in advance.</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	:	The Chairman is responsible for the leadership, efficiency and conduct of the Board. The Chairman is experienced and possesses in depth knowledge to lead the Board towards achieving its goals. During meetings, the Chairman leads the discussions and welcomes opinions, facts and concerns from members of the Board. The Chairman also sets the agenda for Board meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Chairman functions both as Chairman and CEO and is supported by experienced Board members with a wide range of expertise.	
		The Board is mindful of the combined roles but is comfortable that there are no concerns as all related party transactions are dealt with in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by 2 Joint Company Secretaries who are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. One of them is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") whilst the other is a member of Malaysian Institute of Accountants ("MIA").</p> <p>The Joint Company Secretaries perform the following functions:</p> <ul style="list-style-type: none"> • Advise the Board in relation to the Company's compliances with relevant regulatory requirements, guidelines and legislation. • Circulate relevant guidelines and updates on statutory and regulatory requirements for the Directors' reference. • Facilitate the orientation of new Directors and coordinate the directors' training and development. • Ensure that all Board and Board Committee meetings are properly convened and that all deliberations, proceedings and resolutions are properly minuted and documented. • Keep themselves abreast through continuous training of the evolving capital market environment, regulatory changes and developments in Corporate Governance.
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 1.5

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>An annual meeting calendar is prepared and circulated to all Directors in advance of each new year. It contains the proposed meeting dates for the Board, Audit Committee, Nomination Committee and Annual General Meeting. The purpose of said calendar is to assist Directors in facilitating their time to attend their meetings.</p> <p>The notice for any meeting together with the agenda typically reaches the Board at least 2 weeks prior to Board meetings.</p> <p>Board papers are distributed to Board members prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting.</p> <p>The minutes of Board meetings are circulated to all Directors prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Board Charter which prescribes, among other things, the roles of the Board and the matters reserved for the Board's collective decision to assist in the discharge of its responsibilities.</p> <p>The Board Charter is subject to review by the Board from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current laws and practice.</p> <p>The Board Charter was adopted by the Company on 30 May 2013. The Board Charter is available on the Company's corporate website at www.muiglobal.com.</p> <p>The Board Charter clearly provides and establishes the roles of the Board which includes but is not limited to:</p> <ul style="list-style-type: none">• Review and adopt a strategic plan including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability.• Monitor corporate performance and implement strategy and policy.• Identify and manage principal risks affecting the Company.• Ensure that shareholders are kept informed of the Company's performance and any material acquisitions and disposals of properties, and undertakings entered into by the Group.• Ensure that succession planning of the senior management is in place. <p>Certain matters are also reserved for the collective review and approval by the Board of the Company which is as follows:</p> <ul style="list-style-type: none">• Group's Business strategy and Business Plan• Annual Budgets, including major capital commitments• Material acquisitions and disposals of undertakings and properties

	<ul style="list-style-type: none"> • Changes to the Senior Management and control structure 	
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	:	The Company has adopted a Code of Conduct & Business Ethics which sets out the guidelines on ethical issues which may arise during the course of business and the standards of behaviour expected of all Directors and employees. The Directors conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company. The Code of Conduct & Business Ethics is available on the Company's corporate website at www.muiglobal.com .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted and implemented a Whistleblower Policy which is committed in promoting and maintaining high standards of transparency, accountability and ethics in the workplace, in line with good corporate governance and prevailing legislation.</p> <p>Pursuant to this Whistleblower Policy, employees in the Company are encouraged to report or disclose alleged, suspected and/or known improper conduct in the workplace without fear of retribution or detrimental action. The Whistleblower Policy is available on the Company's corporate website at www.muiglobal.com.</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 application of the practice	:	<p>The Board currently consists of 6 Directors:</p> <ul style="list-style-type: none">• 1 Chairman and CEO• 1 Executive Director• 3 Independent Non-Executive Directors• 1 Non-Independent Non-Executive Director <p>The Board complies with the Bursa Securities Listing Requirements that requires at least 2 or 1/3 of the Board, whichever is higher, to be Independent Directors.</p> <p>The roles and contributions of Independent Directors also provide an element of objectivity, independent judgement and check and balance during boardroom deliberations and decision making.</p> <p>Independent Directors also exercise independent judgement and place the best interest of the company at its forefront.</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 4.2

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	:	Departure
Explanation on application of the practice	:	<p>The Code recommends that the tenure of an Independent Director should not exceed a cumulative term of 9 years. However, upon completion of the 9 years, the Independent Director may continue to serve the Board subject to shareholders' approval.</p> <p>Annual appraisals on the Independent Directors are also conducted via a self-assessment questionnaire to be filled up by each Independent Director and submitted to the Nomination Committee before recommending to the Board on its composition.</p> <p>The Board will continuously evaluate from time to time the independence of each of its Independent Directors. In this regard, the Board will be guided by the criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p>
Explanation for departure	:	<p>This year is the 14th year of Dato' Dr Tan Kee Kwong and the 10th year of Dr Wong Hong Meng serving on the Board as Independent Non-Executive Directors of the Company.</p> <p>At the forthcoming 50th Annual General Meeting ("AGM"), the Company will be seeking shareholders' approval to retain Dato' Dr Tan Kee Kwong and Dr Wong Hong Meng as Independent Non-Executive Directors of the Company until the conclusion of the next AGM of the Company. In this regard, the Company has opted not to adopt the two-tier voting for the time being.</p>
<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 4.3 - 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	:	The Board believes that candidature to the Board should be based on a candidate's skills, experience, knowledge, expertise and commitment to fulfil the role and responsibilities of the position.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board currently does not have any gender, age, and ethnic policies and targets.	
		The Board recognises the importance of gender, age and ethnic diversity in the composition of the Board. The Board believes that candidature to the Board should be based on a candidate’s skills, experience, knowledge, expertise and commitment to fulfil the role and responsibilities of the position. The Board currently has 1 female Director.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	Choose an item.	

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	:	The Nomination Committee is responsible in identifying and evaluating potential candidates based on their skills, experience, knowledge, expertise and commitment to fulfil the role and responsibilities of the position.	
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 Nomination Committee comprises exclusively Non-Executive Directors, and majority are Independent Directors. The Nomination Committee is chaired by Dr Wong Hong Meng, the senior Independent Director.	
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 Company provides specifically in its Board Charter that the Board, through the Nomination Committee will review and evaluate the effectiveness and performance of the Board as a whole, the Board Committees and contribution of each Director on an on-going basis.</p> <p>The Nomination Committee held 1 meeting during the financial year ended 30 June 2021. The Nomination Committee has carried out the annual assessment for the financial year ended 30 June 2021 and is satisfied that the size of the Board is optimum and there is an appropriate mix of knowledge, skills, attributes, diversity and core competencies in the Board's composition.</p> <p>The Nomination Committee assesses every Director annually and such assessment is based on different criteria, some of them being:</p> <ul style="list-style-type: none">(a) Fit and proper(b) Contribution and Performance(c) Calibre and Personality <p>Annual appraisals on the Independent Directors are also conducted via a self-assessment questionnaire to be filled-up by each Independent Director and submitted to the Nomination Committee before recommending to the Board on its composition.</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board has yet to establish a formal policy on the remuneration for Directors and Senior Management.
		The Remuneration Committee shall recommend to the Board the remuneration of Executive Directors and Non-Executive Directors. The determination of the remuneration of the Executive Directors and Non-Executive Directors is a matter for the Board collectively. During the financial year ended 30 June 2021, the Remuneration Committee reviewed the Directors' fees and Directors' benefits and made recommendations to the Board.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	Choose an item.

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board has yet to establish a formal policy on the remuneration for Directors and Senior Management.
	:	The Board has established a Remuneration Committee whose primary duty and responsibility is to recommend to the Board the remuneration of executive Directors in all forms, drawing from outside advise as necessary. Nevertheless, the determination of remuneration packages of Non-Executive Directors and Executive Directors is a matter for the Board as a whole and individual Non-Executive Directors and Executive Directors are required to abstain from discussion of their own remuneration. The Committee has authority to: i. request information on wages and salaries within the Company from the Human Resources Department; and ii. obtain outside independent professional and consultancy advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The obtaining of outside advice is governed by the rules applicable to the taking of independent advice by Directors 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	:	-

Timeframe	:	Choose an item.	
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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	:	Details of remuneration of Directors on a named basis for the financial year ended 30 June 2021 is provided in the Statement on Corporate Governance 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	:	The Board opines that disclosing the top 5 senior managements' remuneration is unfavourable as it may jeopardize confidentiality and is against upholding ones' privacy. Further, such sensitive information may encourage poaching.	
		-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	Choose an item.	

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	:	The Audit Committee comprises 3 Independent Non-Executive Directors. The Audit Committee is chaired by Dr Wong Hong Meng who is not the Chairman of the Board.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not have a formal policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee.	
		The Audit Committee does not consist of former key audit partner as its member.	
		-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	Choose an item.	

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 Company's external auditors have continued to report to members of the Audit Committee on their findings which are included as part of the Company's financial reports with respect to their audit on statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.</p> <p>Further, the Audit Committee carries out its own evaluation on the external auditors to determine their suitability from various aspects such as their audit scope and independence.</p> <p>The external auditors have also provided assurances to the Audit Committee on its independence via the Audit Planning Memorandum and Audit Review Memorandum.</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 current composition of the Audit Committee consists solely of Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process.</p> <p>The qualification and experience of the individual Audit Committee members are disclosed in the Profile of Board of Directors in the Annual Report 2021.</p> <p>The Chairman of the Audit Committee, Dr Wong Hong Meng, was a fellow of the Institute of Chartered Accountant in England and Wales. Currently, he is a Chartered accountant member of the Malaysian Institute of Accountants.</p> <p>As part of their professional development, the Audit Committee members attend seminars and trainings as outlined in the Statement on Corporate Governance in 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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors acknowledge their responsibilities for an internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed.</p> <p>The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits. The Board has established an internal audit function which reports directly to the Audit Committee. Details of the internal audit functions are set out in the Report of the Audit Committee in the Annual Report 2021.</p> <p>The Board recognises that risks cannot be fully eliminated. As such, the Group has an Enterprise Risk Management ("ERM") framework in place to minimise and manage them. The Board has established a Risk Management Committee comprising the Chief Executive Officer, the Executive Director, the Group Financial Controller and the Head of Operations and guided by documented terms of reference. The Risk Management Committee tables their risk report to the Audit Committee after regular meeting that are held to deliberate on risk and control issues. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls and ERM framework in safeguarding the Group's assets.</p> <p>Details of the Company's internal control system and risk management are set out in the Statement on Risk Management and Internal Control in the Annual Report 2021.</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

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 key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidelines, are described below:</p> <ul style="list-style-type: none">• Establishment of a control environment in respect of the overall attitude, awareness and actions of Directors and Management regarding the internal control system and its importance to the Group;• Recruitment of experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensuring that adequate controls are in place;• Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;• Documented policies, procedures and limits of approving authorities for key aspects of the business. This provides a framework of authority and accountability within the organisation and facilitates corporate decision-making at the appropriate level in the organisation's hierarchy;• Establishment of segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;• Quarterly management reports to the Board from various lines of operations and business units, on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;• Group Internal Audit function independently reviews the risk identification procedures and control procedures implemented by Management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit function assesses the operation and validity of the system of internal controls in relation to the level of risk involved using Risk-Based-Auditing methodology;• The Audit Committee convenes meetings to deliberate on the findings and recommendations for improvement by the Group Internal Audit function, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the

	<p>effectiveness and adequacy of the Group’s internal control systems; and</p> <ul style="list-style-type: none"> • The Group’s internal control does not apply to associated companies where the Group does not have direct control over their operations. <p><u>Adequacy and Effectiveness of the Group’s Risk Management and Internal Control System</u></p> <p>The Board has received assurance from the Chief Executive Officer, the Executive Director, the Group Financial Controller and the Heads of Operations that the Group’s risk management and internal control is operating adequately and effectively in all material aspects.</p> <p>The Board is of the view that the risk management and internal control system in place for the financial year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders’ investment and the Group’s assets. The system of risk management and internal control continues to be subject to enhancement, validation and regular review.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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 Audit Committee is guided by the Terms of Reference whereby their functions to ensure an effective internal audit function includes the following:</p> <ul style="list-style-type: none">• Review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has necessary authority to carry out its work.• Review the internal audit programme, processes and results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.• Discuss problems and reservations arising out of external or internal audits and matters which the auditors may wish to raise.• Consider major finding of internal investigations.• Review any appraisal or assessment of the performance of the internal audit function.• Inform itself of any appointments or resignations of internal audit staff members and provide resigning staff member an opportunity to submit his reasons for resigning. <p>The internal audit function is performed by the Group Internal Audit Department (“GIAD”) of Malayan United Management Sdn Bhd, a company under the MUI Group of companies and is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The GIAD reports directly to the Audit Committee, and regularly reviews and appraises the Group’s key operations to ensure that key risk and control concerns are being effectively managed.</p> <p>The Internal Audit carries out audit assignments based on risk-based audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.</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

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>In accordance with Group Internal Audit (GIA) Charter, the GIA acts as an independent and objective function that supports the MUI Group in achieving its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p> <p>The Group Internal Audit Department is staffed by 4 Internal Auditors, including the Head of Internal Audit with relevant experience and qualifications and all of which are free from any relationship or conflicts of interest, which could impair their objectivity and independence.</p> <p>The GIA is spearheaded by Head of Group Internal Audit, Mr Tan Chee Hooi who is an Associate Member of The Institute of Internal Auditors Malaysia (AIIA) and a Master of Business Administration (MBA) and Bachelor of Mechanical Engineering (BEng) graduate.</p> <p>As per the GIA Charter, the GIA activities are governed by adherence to the Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing ("Standards"). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the corporate governance activity's performance.</p> <p>In addition, the GIA activities will adhere to the Group's relevant policies and procedures and the assurance activity's standard operating procedures manual which has been drawn up with reference to the Standards.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied						
Explanation on application of the practice	:	<p>In addition to various announcements made during the year, the timely release of quarterly interim financial report provides shareholders with a regular overview of the Group's performance and operations.</p> <p>Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by the Company by accessing Bursa Malaysia Securities Berhad's website and the Company's corporate website at www.muiglobal.com.</p> <p>At AGMs, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session. This process highlights the check and balance system that is required under Malaysian Law.</p> <p>Shareholders and other interested parties may contact the Joint Company Secretaries for investor relations matter by writing or via telephone/facsimile as follows:</p> <table border="1"> <tr> <td>Postal Address</td> <td>189 Jalan Ampang, 50450 Kuala Lumpur</td> </tr> <tr> <td>Telephone number</td> <td>03-2145 1366</td> </tr> <tr> <td>Facsimile number</td> <td>03-2144 5209</td> </tr> </table>	Postal Address	189 Jalan Ampang, 50450 Kuala Lumpur	Telephone number	03-2145 1366	Facsimile number	03-2144 5209
Postal Address	189 Jalan Ampang, 50450 Kuala Lumpur							
Telephone number	03-2145 1366							
Facsimile number	03-2144 5209							
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.	
		-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Notice of the 49th AGM was given to shareholders 40 days prior to the date of 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

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 6 Directors at that time together with the Senior Management team of the Group were present at the Company's 49th AGM held on 10 December 2020.</p> <p>At AGM, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer 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	:	Choose an item.	

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board held its 49th AGM at Corus Paradise Resort Port Dickson, which is owned by the Group. It was physical AGM without facility for shareholders to participate remotely.</p> <p>The 50th AGM of the Company will be held on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd which are available on its TIIH Online website at https://tiih.online. Shareholders will be able to attend, speak (via real time submission of typed texts only) and vote remotely at the AGM using RPV facilities.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	-
Timeframe	:	Choose an item.

**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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