

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 0155  
**COMPANY NAME** : Malaysian Genomics Resource Centre Berhad  
**FINANCIAL PERIOD** : 1 July 2022 to 31 December 2023

### **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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of the Board is set out under Item 3.2 of the Board Charter adopted by the Company, as follows:</p> <p>The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interests of the Company:</p> <ul style="list-style-type: none"><li>(a) reviewing and adopting the business plan and overall strategic directions for the Company including establishing Company's goals and ensuring that the strategies are in place to achieve them;</li><li>(b) establishing policies for strengthening the performance of the Company and ensuring that the Management is proactively seeking to build the business through innovation, initiative, technology, new products, and the development of its business capital;</li><li>(c) overseeing the conduct of the Company's business to evaluate whether the business is being managed properly;</li><li>(d) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;</li><li>(e) succession planning, including appointing, training, fixing the remuneration of, and where appropriate, replacing senior management of the Group;</li><li>(f) developing and implementing an investor relations programme or shareholders communications policy for the Company;</li><li>(g) reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;</li><li>(h) deciding on the necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;</li></ul>

	<p>(i) ensuring that the Company’s financial statements are true and fair and conform to any applicable laws and/or regulations; and</p> <p>(j) ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility.</p> <p>To assist in the discharge of the Board’s stewardship role, the Board has delegated and conferred some of its authority and power to the Executive Director and certain Board Committees, namely, Audit and Risk Management Committee, as well as the Nomination and Remuneration Committee.</p> <p>Whilst the Board Committees are entrusted with the responsibility to oversee specific aspects of the Company’s affairs in accordance with their respective terms of reference as approved by the Board and to report to the Board on their findings and recommendations, the Board has delegated certain responsibilities to the Executive Director.</p> <p>During each Board meeting, the Directors undertake the following activities:</p> <p>(a) Review the strategic aims for the Company;</p> <p>(b) Assess the Company’s performance on a quarterly basis;</p> <p>(c) Review and assess the level of operation of the Company;</p> <p>(d) Provide constructive feedback and guidance on areas which should be improved;</p> <p>(e) Review and follow-up on issues raised at each meeting to ensure that suggested action items and solutions have been implemented; and</p> <p>(f) Review quarterly financial results and announcements.</p>
<p><b>Explanation for departure</b></p>	<p>: Not applicable</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><b>Measure</b></p>	<p>: Not applicable</p>
<p><b>Timeframe</b></p>	<p>: Not applicable</p>

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted a Board Charter, which describes the role of the Chairman under item 4.1.2 and 4.1.3. as follows:</p> <p>4.1.2 The Chairman is responsible for:</p> <ul style="list-style-type: none"><li>(a) leadership of the Board;</li><li>(b) overseeing the effective discharge of the Board's supervisory role;</li><li>(c) facilitating the effective contribution of all Directors;</li><li>(d) conducting Board's meetings;</li><li>(e) brief the Directors on all issues that arose at meetings;</li><li>(f) scheduling regular and effective evaluations of the Board's performance;</li><li>(g) promoting constructive and respectful relations among Board members as well as between the Board and the Management;</li><li>(h) acted as representative of the Board;</li><li>(i) ensuring the integrity and effectiveness of the governance process of the Board; and</li><li>(j) maintaining regular dialogue and consultation with the Board on any operational matters and on any issues that arose.</li></ul> <p>4.1.3 The Chairman will act as facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussions during Board proceedings.</p> <p>The Board has designated Encik Noor Azri bin Dato' Sri Noor Azerai as Chairman of the Board.</p> <p>During Board meetings, the Chairman plays an active role in ensuring that all Directors are given an opportunity to contribute to discussions, and that all matters on the agenda are addressed.</p>
<b>Explanation for departure</b>	:	Not applicable

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

<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

## 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.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	The Board Charter has set out the separation of roles and power between the Chairman and the Chief Executive Officer of the Company.  Currently, the position of Chairman is held by Encik Noor Azri bin Dato' Sri Noor Azerai and no personnel was appointed to replace Encik Sasha Omar Firdaus bin Aamir Nordin, the former Chief Executive Officer ("CEO") of the Company after his resignation on 13 September 2023. The operational matter of the Company is currently conducted in accordance with the approved authority limits approved by the Board and hence, is in proper control.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### 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 Chairman of the board should not be a member of the Audit and Risk Management Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Departure
<b>Explanation on application of the practice</b> :	-
<b>Explanation for departure</b> :	Noor Azri bin Dato' Sri Noor Azerai, Chairman of the Board does not sit in any of the Board Committees namely the Audit and Risk Management Committee as well as of the Nomination and Remuneration Committee but is invited to brief the aforesaid Board Committees on the quarter financial results and recommendation of any new candidate to be appointed as Director of the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	Not applicable
<b>Timeframe</b> :	Not applicable

### 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

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.

<b>Application</b> :	Applied
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<p><b>Explanation on application of the practice</b></p>	<p>: The Company has adopted a Board Charter which sets out the role of the Company Secretary as follows:</p> <p><b>5.1 The Company Secretary</b></p> <p>5.1.1 The appointment and removal of the Company Secretary shall be a matter of the Board as a whole.</p> <p>5.1.2 The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with, and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.</p> <p>5.1.3 All Directors, particularly the Chairman, have access to the advice and services of the Company Secretary for the purposes of the Board’s affairs and the business of the Company.</p> <p>The Company Secretary is an Associate member of The Malaysian Institute of Chartered Secretaries and Administrators. She is experienced and qualified to act as Company Secretary pursuant to Section 235 of the Companies Act 2016.</p> <p>The Company Secretary plays an active role in assisting Management with the preparation of all required documentation, minutes and updates for Board and Board Committee meetings.</p> <p>During the financial year under review, the Company Secretary and the representative of the Company Secretary attended all Board and Board Committee meetings.</p> <p>In addition, the Company Secretary provided advice, update and guidance to the Board and Management on matters of a regulatory or company secretarial nature.</p>
<p><b>Explanation for departure</b></p>	<p>: Not applicable</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><b>Measure</b></p>	<p>: Not applicable</p>
<p><b>Timeframe</b></p>	<p>: Not applicable</p>



## Intended Outcome

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

### Practice 1.6

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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Item 5 of the Company's Board Charter sets out the relevant provisions governing notices of meeting, agenda, and Board papers, as follows:-</p> <p><b>5.2 Notice of Meeting, Agenda and Board Papers</b></p> <p>5.2.1 The Company Secretary prepares the notice of meeting and the agenda for each meeting. The Company generally adopts the Company's Constitution for disseminating notice of meeting and the agenda. The appropriate preparatory Board papers are sent to the Board members in advance to allow time for adequate meeting preparation.</p> <p>5.2.2 Minutes of all Board meetings are properly recorded in substantial detail and length, including issues discussed in arriving at decisions. The minutes shall be circulated in a timely manner and shall be reviewed and approved by the members of the Board.</p> <p>A schedule matters for the Board and the Board Committee meetings had been prepared and circulated to all the Directors and the members of the Board Committee in advance for each of the financial year.</p> <p>The agenda for the Board Meetings together with relevant reports and information on the Company's business operations, in addition to proposal papers for the Board's consideration, are circulated to all the Directors prior to the meetings in a timely manner to enable the Directors to review the material and obtain additional information or clarification prior to the meeting.</p> <p>The Directors receive notice of the agenda together with copies of the minutes of the previous meetings at least one (1) week before the meeting. Other meeting papers are also circulated to the Board at least three (3) days before the meeting date.</p> <p>The Directors have access to all information within the Company as well as to the advice and services of the Company Secretaries, whether as a full Board or in their individual capacities, to assist them in the decision-making process. Where necessary, the Directors may engage independent professionals at the Company's expense on specific issues,</p>

	in order to enable the Directors to discharge their duties with the benefit of all available knowledge and resources.	
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted a Board Charter which is periodically reviewed. The Board Charter is available on the Company's website at <a href="http://www.mgrc.com.my/investor-relations/corporate-governance/">http://www.mgrc.com.my/investor-relations/corporate-governance/</a>.</p> <p>The Board Charter contains and identifies the respective roles and responsibilities of the Board, Board committees, individual Directors, and Management, as well as issues and decisions reserved for the Board. The relevant extracts of the Board Charter are set out below:</p> <p><b>3. Roles and Responsibilities of the Board</b></p> <p>3.1 The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to the shareholders and stakeholders the way the affairs of the Company are managed.</p> <p>3.2 The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interests of the Company:</p> <ul style="list-style-type: none"><li>(a) reviewing and adopting the business plan and overall strategic directions for the Company including establishing Company's goals and ensuring that the strategies are in place to achieve them;</li><li>(b) establishing policies for strengthening the performance of the Company including ensuring that the Management is proactively seeking to build the business through innovation, initiative, technology, new products, and the development of its business capital;</li><li>(c) overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;</li></ul>

	<ul style="list-style-type: none"> <li>(d) identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;</li> <li>(e) succession planning, including appointing, training, fixing the remuneration of, and where appropriate, replacing senior management members of the Group;</li> <li>(f) developing and implementing an investor relations programme or shareholders communications policy for the Company;</li> <li>(g) reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;</li> <li>(h) deciding on necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;</li> <li>(i) ensuring that the Company's financial statements are true and fair and conform to any applicable laws and/or regulations; and</li> <li>(j) ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility.</li> </ul> <p>3.3 In the normal course of events, the day-to-day management of the Company will be in the hands of the Management and under the stewardship of the Executive Director.</p> <p>3.4 Any member of the Board may request for independent professional advice in the discharge of his/her fiduciary duties by forwarding a request to the Executive Director of the Company who will then direct the same to an external service provider. The expenses incurred in this connection shall be borne by the Company.</p> <p><b>4.1 Chairman of the Board</b></p> <p>4.1.2 The Chairman is responsible for:-</p> <ul style="list-style-type: none"> <li>(a) leadership of the Board;</li> <li>(b) overseeing the effective discharge of the Board's supervisory role;</li> <li>(c) facilitating the effective contribution of all Directors;</li> <li>(d) conducting Board meetings;</li> <li>(e) brief the Directors on all issues that arose at meetings;</li> <li>(f) scheduling regular and effective evaluations of the Board's performance;</li> <li>(g) promoting constructive and respectful relations between Board members and between the Board and the Management;</li> <li>(h) acted as representative of the Board;</li> <li>(i) ensuring the integrity and effectiveness of the governance process of the Board; and</li> </ul>
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	<p>(j) maintaining regular dialogue and consultation with the Board on any operational matters and on any issues that arose.</p> <p><b>4.2 Executive Director</b></p> <p>4.2.1 The Executive Director who is also Chairman of the Board, is responsible for providing guidance on:</p> <p>(a) strategic business direction, plans and policies of the Company;</p> <p>(b) the efficient and effective operation of the Company; and</p> <p>(c) bringing material matters to the attention of the Board in an accurate and timely manner.</p> <p><b>4.3 Board Committees</b></p> <p>4.3.1 To assist the Board in carrying out its duties and responsibilities, the Board has established the following Committees of the Board, each with clearly defined Terms of Reference (“TOR”) in order to enhance corporate efficiency and effectiveness:</p> <p>(a) Audit and Risk Management Committee; and</p> <p>(b) Nomination and Remuneration Committee.</p> <p>4.3.2 These Board Committees undertake in-depth deliberation of the issues at hand before tabling recommendations thereon to the Board.</p> <p>4.3.3 Each Committee has an obligation to report on its meetings to the Board, and minutes of all Committee Meetings shall be made available to all Directors.</p> <p>4.3.4 The Management and third parties are co-opted to the Committees as and when required.</p> <p>4.3.5 The Board may also delegate specific functions to ad hoc committees as and when required.</p>
<p><b>Explanation for departure</b></p>	<p>: Not applicable</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><b>Measure</b></p>	<p>: Not applicable</p>
<p><b>Timeframe</b></p>	<p>: Not applicable</p>

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted the Code of Conduct and Ethics which is available on the Company's website at: <a href="http://www.mgrc.com.my/investor-relations/corporate-governance/">http://www.mgrc.com.my/investor-relations/corporate-governance/</a></p> <p>It sets out basic principles to guide all the Directors of the Company and its subsidiaries, on the appropriate standards of conduct and ethical behaviour for Directors, and covers the following areas:-</p> <ul style="list-style-type: none"> <li>(a) Compliance with laws, rules and regulations</li> <li>(b) Corporate governance</li> <li>(c) Conduct of business and fair dealing</li> <li>(d) Conflicts of interest, corrupt practices, unlawful and unethical behaviour, improper use of Company's assets</li> <li>(e) Use of non-public information and disclosure (insider trading)</li> <li>(f) Use of company funds, assets and information</li> <li>(g) Social responsibility and the environment</li> <li>(h) Proper records and communication</li> <li>(i) Spokesman</li> <li>(j) Whistleblowing</li> <li>(k) Breaches, waiver and review</li> </ul>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted policies on Anti-Bribery and Corruption and on Whistleblowing, in order to provide a transparent and confidential process for dealing with concerns.</p> <ul style="list-style-type: none"> <li>(a) All concerns raised by employees will be treated fairly and properly, as long as it is a genuine concern;</li> <li>(b) the Company will not tolerate harassment or victimisation of anyone raising a genuine concern;</li> <li>(c) any individual making a disclosure will retain anonymity unless the individual agrees otherwise;</li> <li>(d) the Company will ensure that any individual raising a concern is aware of who is handling the matter; and / or</li> <li>(e) the Company will ensure no one will be at risk of suffering some form of reprisal as a result of raising a concern even if the individual is mistaken.</li> </ul> <p>A grievance procedure is also clearly outlined in the policy. Please refer to:-</p> <p>ANTI-BRIBERY AND CORRUPTION POLICY:  <a href="http://www.mgrc.com.my/wp-content/uploads/2020/10/MGRC-Anti-Bribery-and-Corruption-Policy.pdf">http://www.mgrc.com.my/wp-content/uploads/2020/10/MGRC-Anti-Bribery-and-Corruption-Policy.pdf</a></p> <p>WHISTLEBLOWING POLICY:  <a href="http://www.mgrc.com.my/wp-content/uploads/2020/10/MGRC-Whistleblowing-Policy-Whistleblowing-Form.pdf">http://www.mgrc.com.my/wp-content/uploads/2020/10/MGRC-Whistleblowing-Policy-Whistleblowing-Form.pdf</a></p>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	



## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company's sustainability strategies, priorities and targets is led by the Board of Directors, assisted by the management and key senior personnel. We believe sustainability can only be retained with the joint effort from all employees and its stakeholders at all times. The detailed report is disclosed in the Sustainability Statement in the 2023 Annual Report of the Company.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	We recognise that transparency and accountability ensure that matters pertaining to stakeholders are approached with an emphasis on openness, ethical conduct as well as operational and economic responsibility. Stakeholder engagement and feedback are an integral part of our sustainability strategy and initiatives, and the Group continuously improves its stakeholder engagement approach via various communication channels with its customers, employees, suppliers/vendors, shareholders, regulatory, local communities, media and industry associations.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast of and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	To gain a better understanding of the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities, the Board members have attended briefing/training on sustainability issues, and the Board will continue engaging with subject matter experts by attending training in relation to the same. The Company has explored the potential to diversify the Company's business and products in new market such as dialysis market and penetration of the genomics and biopharmaceutical businesses in other countries for purpose of increasing the business opportunities of the Group in the future.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The evaluation on the performance of Board and Senior Management has been included in the annual Board Performance Evaluation form to monitor the performance of the Executive and Senior Management of the Company as part of the strategy to address sustainability risks and opportunities.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### **Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### **Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	The Executive Chairman, Noor Azri bin Dato' Sri Noor Azerai has been identified as the key personnel to provide dedicated focus to manage sustainability strategically including integration of sustainability criteria into the operations of the Company.

## Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination and Remuneration Committee conducted its formal annual evaluation and appraisal on the effectiveness of the Board, its Board Committees, and the contribution of each director, as benchmark for improvement. The evaluation comprised self-assessment where each director completes a self-assessment based on several criteria namely the Contribution to Interaction, Quality of Input, Understanding of Role, and Board Chairman's Role with the categorisation of Weak, Needs Improvement, Adequate, Consistently Good and Strong.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

## Intended Outcome

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

### Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has appointed additional Independent Directors and hence, is currently comprises a majority of independent directors, of which six (6) are Independent Non-Executive Directors (“INED”) with only one (1) Executive Director.</p> <p>The decision making would not be dominated by the management team or the Executive Director.</p> <p>The six (6) INEDs do not play any role in the running and managing of the operations of the Company, thus creating a “critical mass” of directors who can encourage and support and drive each other in value creation, and their collective voice of the incumbent will not be encumbered.</p> <p>Additional directors were appointed during and subsequent after the financial period. The latest composition of the Board members is accessible in the Corporate Directory of the 2023 Annual Report of the Company.</p>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

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

### Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted a Board Charter, which limits the tenure of its independent Directors to nine (9) years.</p> <p><b>4.7 Tenure of Independent Director</b></p> <p>4.7.2 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve on Board subject to his/her re-designation as Non-Independent Director.</p> <p>4.7.3 In the event the Director was to remain designated as an Independent Director, the Board shall first justify this position and obtain shareholders' approval.</p> <p>4.7.4 If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board shall seek annual shareholders' approval through a two-tier voting process.</p> <p>Currently, none of the Independent Directors of the Company has served the Company for more than nine (9) years.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	



## Intended Outcome

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

## Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Not applicable
<b>Explanation on adoption of the practice</b>	:	Not applicable

## Intended Outcome

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

## Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment of Board members is done in accordance with item 4.5 of the Board Charter and also Item 1 of the Policies governing the Board of Directors, both of which are available on the Company's website at:</p> <p><a href="http://www.mgrc.com.my/investor-relations/corporate-governance/">http://www.mgrc.com.my/investor-relations/corporate-governance/</a></p> <p>As set out in the Company's policies on the Appointment of Board and senior management which forms part of the Policies governing the Board of Directors (Item 1), the appointment of Board and Senior management is based on the objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

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

## Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Item 1 of the Policies governing the Board of Directors of the Company.
<b>Explanation for departure</b>	:	In identifying new Directors for appointment, the Board would consider recommendations from the existing Board members, management, or major shareholders. However, the Board utilises independent sources to conduct the relevant background checks on the candidate to ensure that he did not commit any misconduct and the level of integrity is not compromised.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed profile of the Directors of the Company is included in the Company's annual report which provides the shareholders with access to such information of current as well as newly appointed directors. The rationale and information on any candidate who is standing for election (if any) will be disclosed in the Explanatory Notes of the Notice of Annual General Meeting ("AGM"). Any re-election due to rotation or casual vacancy will also be communicated to the shareholders via the Notice of AGM.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination and Remuneration Committee is chaired by Encik Mohd Shakir bin Shahimi, an Independent Non-Executive Director of the Company.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	Not applicable	
<b>Explanation for departure</b>	:	Item 4.4 of the Company's Board Charter sets out its policies regarding Board composition.  The Board did not comply with the standards of the corporate governance, however, the Company has complied with Paragraph 15.02 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad to have at least one female director on Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

## Intended Outcome

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

### Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company's policies include a policy on Board composition with regards to the mix of skills, independence and diversity (including gender and ethnic diversity). The Nomination and Remuneration Committee oversees matters relating to the nomination of new Directors, and annually reviews the required mix of skills and experience and conducts an independence assessment of Independent Directors. The Nomination and Remuneration Committee also reviews succession plans and boardroom diversity, oversees training courses for Directors and also conducts an annual assessment of the effectiveness of the Board as a whole, its Committee and the contribution of each individual Director.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

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

### Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The annual assessment of the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director have been carried out for the financial period ended 31 December 2023.</p> <p>In conducting each assessment/evaluation, the following main criteria were adopted by the Nomination and Remuneration Committee:</p> <ul style="list-style-type: none"><li>(a) <u>Evaluation on the effectiveness of the Board of Directors and the Committees of the Board</u><ul style="list-style-type: none"><li>(i) Board mix and composition;</li><li>(ii) Quality of information and decision making; and</li><li>(iii) Boardroom activities.</li></ul></li><li>(b) <u>Directors' self-assessment</u><ul style="list-style-type: none"><li>(i) Contribution to interaction;</li><li>(ii) Quality of input; and</li><li>(iii) Understanding of role.</li></ul></li><li>(c) <u>Audit and Risk Management Committee members' self/peer evaluation</u><ul style="list-style-type: none"><li>(i) Skill set and composition; and</li><li>(ii) Performance.</li></ul></li></ul> <p>Based on the evaluation conducted for the financial period ended 31 December 2023, the Nomination and Remuneration Committee was satisfied with the performance of the Board as a whole and its committees, individual Board members and Audit and Risk Management Committee.</p> <p>All the Directors and Board Committees provided anonymous feedback on their peers' performance and individual performance contribution</p>



	<p>to the Board and respective Committees. The results were then collated by the Company Secretaries and tabled to the Nomination and Remuneration Committee for deliberation. The review supported the Board's decision to endorse all retiring Directors standing for re-election.</p> <p>To review the independence of the Independent Non-Executive Directors, the fundamental premise of the assessment is that an Independent Non-Executive Director must be independent of management and free of any business, family or other relationship, that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of his independent and objective judgment in addition to the independence guidelines and criteria as set out in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.</p>
<p><b>Explanation for departure</b></p>	<p>: Not applicable</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><b>Measure</b></p>	<p>: Not applicable</p>
<p><b>Timeframe</b></p>	<p>: Not applicable</p>

## 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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	"Policies Governing the Board of Directors" is available on the Company's website at <a href="http://www.mgrc.com.my/investor-relations/corporate-governance/">http://www.mgrc.com.my/investor-relations/corporate-governance/</a> , sets out the policies and procedures governing the remuneration of Executive Directors, Independent Directors and senior management.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## 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 7.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Nomination and Remuneration Committee, consist of non-executive directors, a majority of whom are Independent Non-Executive Directors of the Company.</p> <p>The individual director has not been involved in deciding his/her own remuneration.</p> <p>One of the principal objectives of the Nomination and Remuneration Committee is to review and recommend remuneration of the Board and senior management.</p> <p>The terms of reference of the Nomination and Remuneration Committee is available on the Company's website at: <a href="http://www.mgrc.com.my/investor-relations/corporate-governance/">http://www.mgrc.com.my/investor-relations/corporate-governance/</a>.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## 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 8.1**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of Directors' Remuneration for financial period ended 31 December 2023 including former Directors during the financial period on named basis is disclosed on pages 37 of this report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Noor Azri Bin Dato' Sri Noor Azerai	Executive Director	-	-	356	30	44	48	478	-	-	356	30	44	48	478
2	Mohd Shakir bin Shahimi	Independent Director	96	1	-	-	5	-	102	96	1	-	-	5	-	102
3	Muhammad Badri bin Hussin (redesignated to Executive Director on 4 March 2024)	Independent Director	7	-	-	-	-	-	7	7	-	-	-	-	-	7
4	Syed Zulkifli bin Syed Ismail	Independent Director	22	-	-	-	-	-	22	22	-	-	-	-	-	22
5	Chih Yi May	Independent Director	21	-	-	-	1	-	22	21	-	-	-	1	-	22
6	Mohamad Ruzaini bin Hamzah	Independent Director	7	-	-	-	-	-	7	7	-	-	-	-	-	7
7	Datuk Wira Muhammad Faizal bin Zainol (appointed on 2 February 2024)	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Mohammad Hasni bin Ibrahim (Appointed 2 February 2024)	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Aswath A/L Ramakrishnan	Independent Director	23	-	-	-	1	-	24	23	-	-	-	1	-	24
10	Dato' Alvin Joseph Nesakumar (resigned on 16 March 2023)	Executive Director	-	-	491	114	7	89	701	-	-	491	114	7	89	701
11	Ku Chong Hong (resigned on 12 May 2023)	Independent Director	62	-	-	-	-	-	62	62	-	-	-	-	-	62

12	Dato' Seri Dr. Chen Chaw Min (resigned on 24 May 2023)	Independent Director	89	1	-	-	9	-	99	89	1	-	-	9	-	99
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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 8.2

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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	The remuneration of senior management's remuneration is not set out on a named basis due to confidentiality and concerns to support the Group's efforts to attract and retain executives	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	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 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Not applicable

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

## Intended Outcome

There is an effective and independent Audit and Risk Management Committee.

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

## Practice 9.1

The Chairman of the Audit and Risk Management Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit and Risk Management Committee is Encik Mohd Shakir bin Shahimi, while the Chairman of the Board is Encik Noor Azri bin Dato' Sri Noor Azerai.  The Chairman of the Audit and Risk Management Committee is not the Chairman of the Board.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

## Intended Outcome

There is an effective and independent Audit and Risk Management Committee.

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

## Practice 9.2

The Audit and Risk Management Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit and Risk Management Committee.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Part 1, item B (iii) of the Company's Policies governing on External and Internal Auditors, stated as follows: -</p> <p><b>iii) Appointment of a former key audit partner as an Audit and Risk Management Committee member of the Company</b></p> <p>A former key audit partner may not be appointed as a member of the Audit and Risk Management Committee of the Company unless he or she has observed a cooling-off period of at least three (3) years prior to the said appointment.</p> <p>At present, none of the Audit and Risk Management Committee Members is a former key audit partner of the Company's External Auditors.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

There is an effective and independent Audit and Risk Management Committee.

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

### Practice 9.3

The Audit and Risk Management Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted a policy entitled Policy on External and Internal Auditors which sets out policies and procedures to assess the suitability, objectivity and independence of the external auditors.</p> <p>The Audit and Risk Management Committee conducted an annual assessment of the suitability and independence of the external auditors for the financial year under review and was satisfied with the services rendered by Messrs. Jamal Amin &amp; Partners.</p> <p>Messrs Jamal, Amin &amp; Partners has presented the Audit Review (which was presented at the Audit and Risk Management Committee Meeting held on 27 February 2024) that they have maintained their independence in accordance with their firm's requirements and with the permission of the By-Laws on the Professional Independence of the Malaysian Institute of Accountants (MIA).</p> <p>Having considered all the above matters, the Board of Directors had upon the recommendation by the Audit and Risk Management Committee, approved the recommendation for the re-appointment of Messrs. Jamal Amin &amp; Partners as external auditors of the Company for the ensuing year for the shareholders' approval at the forthcoming Annual General Meeting.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### Intended Outcome

There is an effective and independent Audit and Risk Management Committee.

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

### Practice 9.4 - Step Up

The Audit and Risk Management Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit and Risk Management Committee comprises solely Independent Non-Executive Directors namely Mohd Shakir bin Shahimi, Syed Zulkilfi bin Syed Ismail and Muhammad Badri bin Hussin during the financial period. Hence, the findings and recommendations are always made in a fair and objective manner without the influence from the management.</p> <p>Upon the redesignation of Muhammad Badri bin Hussin as an Executive Director/Chief Operating Officer on 4 March 2024, the Audit and Risk Management Committee is now comprising Mohd Shakir bin Shahimi, Syed Zulkifli bin Syed Ismail and Mohammad Hasni bin Ibrahim, all independent non-executive directors.</p>

## Intended Outcome

There is an effective and independent Audit and Risk Management Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of the Audit and Risk Management Committee are financially literate, in view of their background and the continuous professional training. They kept abreast of the relevant opportunities for professional development such as trainings, courses and other events conducted by Bursa Malaysia Securities Berhad and other regulatory bodies, which are regularly circulated to them by the Company Secretaries. All trainings and courses attended by the members of the Audit and Risk Management Committee and all Directors, are disclosed in the Company's annual report.</p> <p>The internal auditors, external auditors and the Company Secretaries regularly briefed the Audit and Risk Management Committee members on recent developments in regulatory, accounting and auditing standards, practices and rules.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has delegated the responsibility to review the adequacy and integrity of the Group's system of internal control and risk management to the Audit and Risk Management Committee.</p> <p>The Audit and Risk Management Committee is empowered under its terms of reference to seek assurance on the adequacy and integrity of the internal control and risk management system from Management and through independent reviews carried out by the former external service provider, Tricor Axcelasia Sdn. Bhd. The new internal auditors are Kloo Point Risk Management Services Sdn Bhd.</p> <p>The Board recognised that the internal control and risk management system can only provide reasonable, and not absolute, assurance against material misstatement or loss.</p> <p>The Statement on Risk Management and Internal Control set out in the Annual Report 2023 provides an overview of the state of the risk management and internal controls within the Group for the financial period under review.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable



## 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 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Management reports to the Board of Directors on its assessment of risks in the categories of operational risk, project risk, and strategic risks of the Company. Assessments of risks in these categories are provided via financial and non-financial risk parameters, and a likelihood of occurrence which is used to describe risk exposure. This framework is aligned with the internal parameters used by Tricor Axcelasia Sdn Bhd, the former internal auditors of the Company during the financial period ended 31 December 2023.</p> <p>The risk management and internal control framework is disclosed in the Statement on Risk Management and Internal Control in Annual Report 2023.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### **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 10.3 - 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit and Risk Management Committee comprises solely Independent Non-Executive Directors and hence, the company's risk management framework and policies are managed without the influence of the executives and are being carried out in an objective manner.

## 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 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is outsourced to an independent service provider, Kloo Point Risk Management Services Sdn. Bhd. (“Internal Auditors”).</p> <p>The Audit and Risk Management Committee reviews the adequacy and performance of the internal audit function annually to ensure it is effective and able to function independently of the operations of the Group through an internal Audit Planning Memorandum which is setting out the scope of the internal audit to be undertaken, is tabled to the Audit and Risk Management Committee.</p> <p>The Internal Auditors conducted three (3) internal audit cycles during the financial period under review.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## 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 11.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The engagement team from Kloo Point Risk Management Services Sdn Bhd. (“<b>Kloo</b>”) is headed by Mr. Khor Ben Jin, the Executive Director of Kloo.</p> <p>Mr Khor Ben Jin has been a Manager of one of the Big 4 accounting firms and 3 years’ experience in external audit at another international firm. He has extensive experience in providing internal audit consulting services, risk assessments and corporate governance review in the aspects of risk management, control and governance processes in highly regulated environments. In addition, he has been trained in Internal Audit methodologies which enabled him to identify risks and establish an internal control structure which covers the roles and functions and scope of work to assist the audit committees and board of directors of numerous public listed companies to discharge their responsibilities in relation to ensuring good systems of internal controls.</p> <p>He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom, Chartered Accountant of the Malaysian Institute of Accountants, Certified Internal Auditors United States of America and Chartered member of the Institute of Internal Auditors Malaysia.</p> <p>For the financial period ended 31 December 2023, the former internal auditors, Tricor Axcelasia Sdn Bhd (“<b>Tricor</b>”) has confirmed to the Audit and Risk Management Committee that all its engagement team personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>Tricor has confirmed that its internal audit works were carried out in accordance with a framework set by a recognised professional body; i.e. International Professional Practice Framework issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.</p>

<b>Explanation for departure</b>	: Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Not applicable
<b>Timeframe</b>	: Not applicable

## 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 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of accountability to shareholders on all major developments affecting the Company. Information is disseminated to shareholders and investors through various channels, which include annual financial statements, annual reports, as well as where appropriate, circulars and press releases. The Board regularly reviews the information disseminated to ensure that consistent and accurate information is provided to shareholders of the Company.</p> <p>The Annual General Meeting is the principal forum for dialogue with shareholders and serves as a platform in which Directors may promote and encourage bilateral communications with its shareholders. The external auditors are also present in order to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.</p> <p>In line with the recommendations of the Malaysian Code on Corporate Governance, the Chairman of the general meetings will inform the shareholders of their right to demand a poll vote at the commencement of all future general meetings.</p> <p>The Company has adopted a Corporate Disclosure Policy which sets out the standard operating procedures and guidelines for the Board and Management to follow in relation to dissemination of information to shareholders.</p> <p>The Board has also adopted a Policy on Shareholder Communications and Investor Relations.</p> <p>The Company maintains a website at <a href="http://www.mgrc.com.my/">http://www.mgrc.com.my/</a> for shareholders, investors and general public to access information on, amongst others, the Group's profile, products, financial performance, announcements, and corporate information.</p>
<b>Explanation for departure</b>	:	Not applicable

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Not applicable
<b>Timeframe</b>	: Not applicable

### 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 12.2

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

<b>Application</b>	:	Not applicable	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable as the Company is not classified as a Large Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	



## Intended Outcome

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

### Practice 13.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice of Annual General Meeting (“AGM”), together with the Annual Report 2023, is sent to the shareholders on 29 March 2024, at least twenty-eight (28) days prior to the date of the AGM scheduled on 29 April 2024 and published in one of the major local newspapers.</p> <p>In addition, an announcement of the Notice of AGM has been made to Bursa Securities on 27 March 2024.</p> <p>The notes to the Notice of AGM also provide detailed explanation of each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

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

### Practice 13.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All the Directors and Chairperson of the Board Committees will usually attend general meetings. In fact, all the Directors at that point in time were present at last year's 18 <sup>th</sup> Annual General Meeting of the Company held on 23 November 2022 to engage with the shareholders personally and proactively.  After each resolution is proposed, the Chairman provides an opportunity to the shareholders to ask questions on each resolution tabled, or on any associated matter.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The last Annual General Meeting of the Company was held fully virtual and entirely via remote participation, which was easily accessible by most of the shareholders.</p> <p>In addition, the shareholders who are not able to attend the General Meetings could appoint their own proxy or appoint the Chairman as their proxy to attend and vote on his/her behalf provided that the relevant proxy form is lodged at the Company's Share Registrar office at least forty-eight (48) hours before the General Meeting.</p> <p>The Nineteenth Annual General Meeting ("19<sup>th</sup> AGM") of the Company will be held fully virtual and entirely via remote participation and voting on 29 April 2024.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board will allocate a session to respond to questions posted, either prior to or during the meeting. The respective response on every question received prior to the meeting will be pre-prepared and answered at the meeting by displaying the same on the screen for all participants to view. As for questions received during the meeting, the questions will be filtered to avoid repetition. All answers are explained either in financial or non-financial perspective which also include the Company's long-term strategies, if applicable, during the meeting within the permissible time frame. In the event any question is not replied due to time constraint, the reply shall be posted on the Company's website within the reasonable timeframe after the conclusion of the meeting.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

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

## Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management, and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Online Meeting Platform is provided by the Company's Poll Administrator, Symphony Corporate Services Sdn Bhd. The Administrative Details specifying the processes and procedures on how the Remote Participation and Voting facilities ("RPV") are conducted is included in the Company's Annual Report as guidance to shareholders/participants.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

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

## Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Minutes of general meetings will be published in the Company's website at <a href="http://www.mgrc.com.my">www.mgrc.com.my</a> under respective Annual Reports under "Investor Relations", to enable shareholders to gain access to the matters transpired during the general meetings including the rationale and salient facts, which shall be made available no later than 30 business days after the general meeting is conducted.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**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.*

Not Applicable.
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