

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5223  
**COMPANY NAME** : Mentiga Corporation Berhad  
**FINANCIAL YEAR** : December 31, 2018

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("The Board") of the Company is committed to ensure that the highest standards of Corporate Governance are practiced and applied throughout the Group towards enhancing business prosperity and corporate accountability to protect and enhance long term shareholders' value and financial performance of the Group.</p> <p>To discharge its fiduciary and leadership functions the Board has established the following to be its primary responsibilities which are set out in the Board Charter:</p> <ul style="list-style-type: none"><li>• Promoting together with senior management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;</li><li>• Reviewing, challenging and deciding on management's proposals for the Company and monitor its implementation by management;</li><li>• Ensuring that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;</li><li>• Establishing and reviewing the strategic direction of the Company;</li><li>• Overseeing and evaluating the conduct of the Company's business including significant actions that are outside the Company's normal course of business;</li><li>• Identifying principal risks, overseeing and ensuring that the risks are properly managed, controlled and mitigated;</li><li>• Ensuring that key senior management has the necessary skills</li></ul>

	<p>and experience, and they are measures in place to provide for orderly succession of the Board and key senior management;</p> <ul style="list-style-type: none"> <li>• Establishing a succession plan including appointing, training, fixing the compensation of and where appropriate replacing key senior management;</li> <li>• Developing and implementing an investor relations programme or shareholder communication policy.</li> <li>• Reviewing the adequacy of the internal control systems and management information systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines and ensuring that there is a sound framework for internal controls and risk management;</li> <li>• Understanding the principal risks of the Company’s business and recognising that business decisions involve the taking of appropriate risks;</li> <li>• Setting the risk appetite within which the Board expects management to operate and ensuring that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;</li> <li>• Establishment of the Code of Ethics and Code of Conduct of the Company;</li> <li>• Ensuring the Company has appropriate corporate disclosure policies and procedures;</li> <li>• Ensuring that the Group has in place a policy to enable effective communication with its stakeholders. This policy should include how feedback received from its stakeholders is considered by the Group when making business and other decisions; and</li> <li>• Ensuring the integrity of the Company’s financial and non-financial reporting.</li> </ul> <p>During the year, the Board delegates management of the Company’s resources to the senior management team under the leadership of the Managing Director (CEO), YH. Dato’ Haji Muhammad Nasir bin Puteh ,to deliver the strategic direction and goals determined by the Board for day-to-day management of the Group.</p>
<p><b>Explanation for departure</b> :</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><b>Timeframe</b> :</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 Board is led by YB. Dato' Sri DiRaja Haji Adnan bin Haji Yaakob, who is primarily responsible for the proper conduct and working of the Board.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none"><li>a) Providing leadership for the board so that the board can perform its responsibilities effectively;</li><li>b) Leading the Board in setting the values and standards of the Company;</li><li>c) Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;</li><li>d) Ensuring the provision of accurate, timely and clear information to Directors;</li><li>e) Ensuring appropriate steps are taken to provide effective communication with shareholders and relevant stakeholders and that their views are communicated to the board as a whole;</li><li>f) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors;</li><li>g) Facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors;</li><li>h) Meets with other non-executive directors without the presence of other executive directors or senior management; and</li><li>i) Provides feedback to each individual director in relation to his/her contributions and performance, as appropriate.</li></ul> <p>The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda. The Chairman should ensure that Board members receive complete and accurate information in a timely manner. The Chairman shall also be responsible for:</p> <ul style="list-style-type: none"><li>a) Leading the Board meetings and discussions;</li><li>b) Encouraging active participation and allowing dissenting views</li></ul>

	<p>to be freely expressed; and</p> <p>c) Managing the interface between Board and management.</p> <p>The Chairman is responsible for managing the business of the Board to ensure that:</p> <ul style="list-style-type: none"> <li>• all Directors are properly briefed on issues arising at Board meetings.</li> <li>• sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion.</li> <li>• the issues discussed are forward looking and concentrates on strategy.</li> </ul>	
<p><b>Explanation for departure</b></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><b>Timeframe</b></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 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A clear division of responsibility between the Chairman and the Executive (Managing) Director exists to ensure a balance of power and authority.</p> <p>The Board is led by YB. Dato' Sri DiRaja Haji Adnan bin Haji Yaakob, who is primarily responsible for the proper conduct and working of the Board.</p> <p>The Executive Management is led by YH. Dato' Haji Muhammad Nasir bin Puteh, who is responsible for the day-to-day running of the business and the implementation of Board's policies and decisions.</p> <p>The Management is guided by the Authority Limit ("AL") which sets out the approving limits of the various approving authorities for the daily operations and management of the Group.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries are external Company Secretaries from Tricor Corporate Services Sdn Bhd with vast knowledge and experience from being in public practice.</p> <p>The Company Secretaries are:</p> <ul style="list-style-type: none"> <li>a) Mr Yeap Kok Leong</li> <li>b) Ms Lim Hooi Mooi</li> <li>c) Ms Ong Wai Leng</li> </ul> <p>All of them are qualified members of The Malaysian institute of Chartered Secretaries and Administrators (MAICSA), who play a vital role in advising the Board concerning all corporate governance matters.</p> <p>The Company Secretaries are responsible to ensure that Board and Board Committees' meetings are properly convened, keep proper records of proceedings of meetings and resolution passed by the Board and its Committees.</p> <p>The Company Secretaries update the Board regularly on any regulatory changes and developments in corporate governance during meetings and via emails.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Prior to each Board and Committee meeting, Directors are sent the agenda and accompanying meeting papers for each agenda item to be discussed at the meeting. At each meeting, there is a full financial and business review and discussion. Items reviewed and discussed include amongst others, the following:</p> <ul style="list-style-type: none"><li>• Minutes of previous Board meeting (s);</li><li>• Minutes of meetings of Committees of the Board (the "Board Committees");</li><li>• Directors' circular resolutions passed since the previous meeting;</li><li>• Quarterly performance report of the Group;</li><li>• Quarterly financial statements to be submitted to Bursa Securities; and</li><li>• Major operational, financial and corporate issues.</li></ul> <p>The agenda and supporting papers are distributed in advance i.e. at least seven (7) days prior to the date of meetings for all Board and Board Committee Meetings to allow time for appropriate review to facilitate full discussion at the meetings.</p> <p>The Board has direct access to Senior Management and has full and unrestricted access to information relating to the Company's business and affairs in the discharge of their duties. The Senior Management Officers are invited to attend the Board meetings to update the Board on their respective areas of responsibility and also to brief and provide details to the Directors on proposals submitted for the Board's consideration.</p> <p>All directors have access to the advice and services of the Company Secretaries and to obtain independent professional advice, whenever necessary, at the expense of the Company. The Company Secretary attends all Board, Committees and general meetings and advises the Board on procedures and requirements under the Company's Constitution, the Companies Act 2016 and the Main Market Listing Requirements.</p>



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

## 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>This Charter is prepared for the Board of Directors (“Board”) of Mentiga Corporation Berhad (“Mentiga” or “the Company”) and its subsidiaries (collectively the “Group”), insofar as it is applicable, to provide a concise overview of:</p> <ul style="list-style-type: none"><li>• The roles, functions, responsibilities &amp; powers of the Board and the senior management</li><li>• An awareness to the various legislations and regulations affecting their conduct</li><li>• The powers delegated to various board committees of Mentiga</li><li>• The policies and practices of the Board in respect of matters such as corporate governance, code of conduct, conflicts and declaration of interest, board meeting procedures, appointment &amp; assessment of directors</li></ul> <p>This Board Charter is subject to the provisions of the Companies Act 2016 (“Companies Act”), the Constitution of Mentiga, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), the Malaysian Code on Corporate Governance which had come into effect on 26 April 2017 (“MCCG 2017”) and any other applicable law or regulatory requirements.</p> <p>More information on the Charter can be found on the Company’s website at <a href="http://www.mentiga.com.my">www.mentiga.com.my</a></p> <p>The Board Charter was latest reviewed on 20 February 2019.</p>

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

## 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>	:	The Directors continue to adhere to the Directors' Code of Ethics which is based on principles in relation to integrity, sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the standard of corporate governance and behavior.  More information on the Code of Business Conduct & Work Ethics can be found on the Company's website at <a href="http://www.mentiga.com.my">www.mentiga.com.my</a>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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 Whistleblowing Policy provides guidelines for the reporting and the investigation of any wrongdoings. All reports should be sent directly to any one member of the Whistleblower Committee members who are as follows:</p> <ul style="list-style-type: none"> <li>• YH. Dato’ Hazli Bin Ibrahim (Chairman) - Independent Non-Executive Directors</li> <li>• YH. Dato’ Bahudin Bin Mansor – Senior Independent Non-Executive Directors</li> </ul> <p>For reports sent through emails, it is recommended that they be marked as “Mentiga – Whistleblowing Report” for ease of identification.</p> <p>More information on the whistleblowing policy can be found on the Company’s website at <a href="http://www.mentiga.com.my">www.mentiga.com.my</a></p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board composition during the financial year 2018 comprised three (3) Non-Independent Non-Executive Directors, two (2) Independent Non-Executive Directors and the Managing Director, was in compliance with paragraph 15.02 of Bursa Securities' Listing Requirements.</p> <p>The composition of the Board is balanced by the presence of Independent Non-Executive Directors. Although all Directors have an equal responsibility for the Group's business directions and operations, the role of these Independent Non-Executive Directors is particularly important as they provide unbiased and independent view, advice and judgment to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure the highest standards of conduct and integrity were maintained by the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Shareholders' approval through a two-tier voting process was sought in 2018 Annual General Meeting ("AGM") for independent directors serving beyond 12 years.</p> <p>As recommended by the MCGG 2017, the tenure of an Independent Director should not exceed nine (9) years cumulatively. Notwithstanding that YH. Dato' Bahudin Bin Mansor and YH. Dato' Hazli Bin Ibrahim have served on the Board for more than twelve (12) years, the Board proposes to retain both of them as Independent Directors and will seek shareholders' approval through a two-tier voting process.</p> <p>Under the two-tier voting process, shareholders' votes will be cast in the following manner at the shareholders' meeting:</p> <ul style="list-style-type: none"><li>• Tier 1: Only the Large Shareholder(s) of the Company votes; and</li><li>• Tier 2: Shareholders other than Large Shareholder(s) votes.</li></ul> <p>The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Company benefits from the long service of both of them who possess an incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in their role as Independent Directors. In fact, they have been bringing their independent and objective judgment to board deliberations and the decision making process.</p>
<b>Explanation for departure</b>	:	

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



**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.

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

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment of new Directors is under the purview of the NC, who is responsible for making recommendations to the Board on suitable candidates for appointment. The NC, in assessing a candidate's suitability, will look at the candidate's background, expertise, experience and skills as prescribed in Board Charter.</p> <p>Criteria for Board Members as prescribed in Board Charter are as follows:</p> <p>a) A candidate for appointment as a director of the Company should have several years of successful high-level executive experience in a significant for-profit business entity during which the candidate was responsible for strategic decisions involving operational, technological, marketing, financial, human resource and/or organisational development matters. The candidate should have professional skills that complement the skills of existing board members. The Board will recruit new directors who can add strength in areas that are important to the Company's long-term success and who possesses skills that are appropriate for the current needs of the Board.</p> <p>b) Each candidate nominated shall first be assessed by the Nomination Committee ("NC") in consultation with the Chairman and the Managing Director and be subject to the review of the remuneration package by the Remuneration Committee. The candidate appointed to the Board will be subject to retirement at the forthcoming Annual General Meeting following his/her appointment and would be subject to re-election by the shareholders of the Company.</p> <p>c) The Board supports the management's efforts to build a diverse organisation throughout the Group. The Group's aims to attract and develop a highly qualified and diverse workforce and works to ensure that all selection decisions are based on merit and that all recruitment activities are fair and non-discriminatory. Senior positions are very demanding for all, more so with regards to the</p>

	<p>core businesses of the Group. The Board acknowledges and supports the importance of diversity, including gender, on the Board. Subject to the suitability of candidates who have the requisite expertise in the core business segment of the Group, we will appoint new directors who fit the skills criteria and gender balance when recruiting additional directors and/or filling vacancies which arises in the Board.</p> <p>d) Directorships held by any Board member at any one time shall not exceed the limits as set out in the MMLR. Executive/Managing Director(s) should not take on any new appointments to the Board of other listed companies without the prior notification and consent of the Chairman of the Company.</p>	
<p><b>Explanation for departure</b> :</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><b>Timeframe</b> :</p>		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	At present, the Company does not have any female Director.  The Company’s NC has discussed the compliance with the “30% women directors” guideline even though the Company is not a Large Company.	
<b>Explanation for departure</b>	:	The board will appoint female Director when a suitable candidate, who can add value to the Board, is identified.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is also responsible for evaluating the findings of the Board Performance Evaluation for the Board and relevant Board Committees.</p> <p>The NC, upon analyzing the result of the annual Board Performance Evaluation, is satisfied that the size of the Board is sufficiently appropriate and that there is a good mix of knowledge, skills, attributes and core competencies in the composition of the Board. The NC is also satisfied that all the Board members are suitably qualified to maintain the positions as Directors of the Board and members of the Committees in view of their respective academic and professional qualifications, experience and qualities.</p> <p>The Committee is also open to referrals from external sources when Board vacancies arise.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Practice 4.7 of the Code recommends that the Chair of the NC should be an Independent Director or the Senior Independent Director identified by the Board. YH. Dato' Hazli bin Ibrahim, the Chairman of the NC, is an Independent Director although he is not the Senior Independent Director. The Board was of the view that the current structure and composition of the NC was working well.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is also responsible for evaluating the findings of the Board Performance Evaluation for the Board and relevant Board Committees. Each Director’s ability and capability will be individually self-assessed by them, and any weaknesses identified will be discussed, and thereafter a plan will be formulated to address the gap. The selection criteria includes the following:</p> <ul style="list-style-type: none"> <li>• Qualification, experience and skills;</li> <li>• Corporate governance;</li> <li>• Contribution and competence;</li> <li>• Independence;</li> <li>• Number of directorship and other external obligations which may affect the Director’s commitment, including time commitment and value contribution; and</li> <li>• In the case for the position of Independent Non-Executive Directors, the NC will also evaluate the candidates’ ability to discharge responsibilities and functions as expected from Independent Non-Executive Directors.</li> </ul> <p>NC presented the results of Board Evaluation in Board Meeting.</p>
<b>Explanation for departure</b>	:	
<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>	:		
<b>Timeframe</b>	:		



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC recommends to the Board the framework of the remuneration package for the Managing Director and Senior Management which includes, but not exhaustive, the basic salary, benefits in kind and service contract.</p> <p>In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors. The ultimate responsibility to approve this remuneration package lies with the Board.</p> <p>Fees and benefits paid to Non-Executive Directors are tabled at the Company's AGM for approval.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The present members of the Remuneration Committee ("RC") are:</p> <ul style="list-style-type: none"> <li>• YB. Dato' Sri DiRaja Haji Adnan bin Haji Yaakob (Chairman) - Non-Independent Non-Executive Director</li> <li>• YH. Dato' Bahudin Bin Mansor – Senior Independent Non-Executive Directors</li> <li>• YH. Dato' Hazli Bin Ibrahim - Independent Non-Executive Directors</li> </ul> <p>During the year, the RC carried out the following responsibilities:</p> <ul style="list-style-type: none"> <li>• Reviewed and recommended salary increment for the employees of the Group;</li> <li>• Reviewed and recommended for the Board of Directors' approval of the proposed payment of bonus for the staff of the Company;</li> <li>• Notation of the notification of resignation by the Managing Director; and</li> <li>• Reviewed and recommended for the Board of Directors' approval the proposed payment of additional fees to the Directors of the Company.</li> </ul> <p>More information on the Terms of Reference of RC can be found on the Company's website at <a href="http://www.mentiga.com.my">www.mentiga.com.my</a></p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Detailed disclosure on name basis for the remuneration of Non-Executive and Executive Directors is disclosed in the Company's Annual Report.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Detailed disclosure the top five senior management's in bands of RM50,000 is disclosed in the Company's Annual Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **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.

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

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Audit Committee is chaired by the Senior Independent Director, YH. Dato' Bahudin bin Mansor. Meanwhile, the Chairman of the Board is YB. Dato' Sri DiRaja Haji Adnan bin Haji Yaakob.  The profile of YH. Dato' Bahudin bin Mansor can be viewed on page 12 of the Company's Annual Report.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	At present, none of the Audit Committee members were former key audit partners of the Company's external auditors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the establishment of an AC has managed an appropriate relationship with the External Auditors and there are formal and transparent arrangements in reviewing the External Auditor's audit plan, report, internal control issues and procedures. The key features and the roles of the AC in relation to the External Auditors are included in the AC's Term of Reference as described in the Audit Committee Report. The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regularity requirements.</p> <p>The AC reviews the proposed re-appointment of the Messrs Afrizan Khairul Tarmili Azhar of the Company and their fees on annual basis to ensure that the independence and suitability of the External Auditors is not compromised based on stringent criteria adopted from best practices.</p> <p>The AC noted that the External Auditors had expressed their willingness to continue in office for the ensuring year and having reviewed the suitability and independence of the External Auditors, the AC recommended to the Board to table the resolution for their re-appointment as External Auditors for the next financial year for shareholders' approval at the forthcoming 48<sup>th</sup> AGM of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **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.

<b>Application</b>	: Not Adopted  The Audit Committee comprises two Independent Non-Executive Directors and a Non-Independent Non-Executive Director of the Company.
<b>Explanation on adoption of the practice</b>	:

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All members of the Audit Committee are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities.</p> <p>YH. Dato' Bahudin is a member of Malaysian Institute of Accountants ("MIA) and CPA Australia, and thus, meets the requirements of paragraph 15.09(1)(c) of the Bursa Securities Listing Requirements which stipulates that at least one member of Audit Committee must be qualified accountant.</p> <p>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. Details of their training can be seen on page 30 of the Company's Annual Report.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The board has established an effective risk management and internal control framework.</p> <p>The Statement on Risk Management and internal control are set out on pages 35 to 37 of this Annual Report which provides an overview of the state risk management and internal controls of the group.</p> <p>The Company had outsourced the internal audit function of the Group to the professional firm of accountants. The findings of issues in the internal audit reviewed and discussed in the Audit Committee meeting.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established necessary risk and internal control infrastructure encompassing the risk statement process, internal control measures, organisational oversight and reporting function to develop culture to improve risk management and internal control capabilities.</p> <p>Details risk management and internal control framework are disclosed in page 35 to 37 of MCB annual report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>A Risk Management Committee ("RMC") was established in year 2013 to provide oversight to the Company's risk management policies and systems that safeguards the Company's and stakeholders' interests.</p> <p>The present members of the RMC are:-</p> <ul style="list-style-type: none"><li>• YH. Dato' Hazli Bin Ibrahim (Chairman) - Independent Non-Executive Director</li><li>• YH. Dato' Haji Muhammad Nasir Bin Puteh - Non-Independent Non-Executive Director</li><li>• YH. Dato' Bahudin Bin Mansor – Senior Non-Independent Non-Executive Director</li></ul>

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Group is carried out by an external service provider, namely McMillan Wood Thomas. The outsourced Internal Auditors report directly to the AC and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.</p> <p>The internal audit function is independent and performs audit assignments with impartially, proficiency and due professional care.</p> <p>The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.</p> <p>The internal audit function performs internal audit on various operation units within the Group based on scope approved by the Audit Committee.</p> <p>The findings of issues in the internal audit were reviewed and discussed in the Audit Committee meeting.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	



## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company had outsourced the internal audit function of the Group to the professional firm of accountants and are free from any relationships or conflicts of interest, which cloud impair their objectivity and independence.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognizes the value of good investor relations and the importance of disseminating in a fair and equitable manner. Thus, the Board stresses on maintaining good relationship with shareholders through distribution of annual reports, announcement of all material information including quarterly financial performance of the Group to Bursa Securities, company websites and investor relations.</p> <p>As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has identified YH. Dato' Bahudin Bin Mansor as the Senior Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretary for information on the Group.</p> <p>The AGM is a platform for the Board and shareholders to communicate on the Group's performance and any other matters of concern or interest to shareholders. During the last year meeting, shareholders were given opportunity to seek clarification on any matters pertaining to the business and financial performance of the Group and all Directors and Management were present at the AGM to answer question raised by shareholders. Extraordinary General Meetings are held as and when required.</p> <p>The Board encourages shareholders to attend and participate in AGM by providing adequate advance notice and holding the AGM at a readily accessible location. Any item of special business included in the notice of AGM will be accompanied by an explanation of the effects of the proposed resolution.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable to MCB as MCB 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>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	In accordance with the recommendations of the MCCG 2017, the Company gives its shareholders at least 28 days' notice prior to the AGM 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>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the last year meeting, shareholders were given opportunity to seek clarification on any matters pertaining to the business and financial performance of the Group and all Directors and Management were present at the AGM to answer questions raised by shareholders.</p> <p>The Chairman of the Audit, Nominating, Risk Management and other Committees provide meaningful response to questions addressed to them.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's AGM has always been held in Kuala Lumpur city at locations which are accessible by public transport.</p> <p>Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf. Separate issues are tabled in separate resolutions at general meetings. Voting for all resolutions at last year AGM was conducted by polling and carried out with systematically and resolutions are properly recorded.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<b>Timeframe</b>	:	

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

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

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