

CORPORATE GOVERNANCE REPORT

STOCK CODE : 3778
COMPANY NAME : MELEWAR INDUSTRIAL GROUP BERHAD
FINANCIAL YEAR : 30 JUNE 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors of the Company ("Board") is collectively responsible for the long term success of the Company and the delivery of sustainable value to its stakeholders. The Board Charter adopted by the Company defines the respective roles and responsibilities of the Board as well as identifies matters that are reserved for the decision of the Board.</p> <p>In discharging its fiduciary duties and leadership functions, it is imperative for the Board to govern and set the strategic direction of the Company while exercising oversight on Management. The Board plays a critical role in setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.</p> <p>The Board monitors the performance of Management through the quarterly operational and financial reports and offer guidance and advice on the necessary steps to be taken, where and if required, to protect and ultimately enhance the Company's operational performance with a view to achieve financial stability and to be able to meet its debts and other obligations when they fall due.</p> <p>The Board reserved certain powers for itself and has delegated certain matters, such as the day-to-day management of the Group to the Managing Director. The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management.</p> <p>The Board has also delegated specific powers to relevant Board Committees as well as the Managing Director as explained in the Board Charter and the respective Terms of Reference of the following Committees:</p> <ul style="list-style-type: none">(i) Audit and Governance Committee;(ii) Risk and Sustainability Committee; and(iii) Nomination and Remuneration Committee.
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Executive Chairman of the Board are specified in the Company's Board Charter, which is available on the Company's website at www.melewar-mig.com.</p> <p>The Executive Chairman of the Board, Tunku Dato' Yaacob Khyra, is a Non-Independent Executive Director.</p> <p>The roles and responsibilities of the Executive Chairman are as follows:</p> <ul style="list-style-type: none">• Provide leadership for the Board so that the Board can perform its responsibilities effectively;• Setting the board agenda and ensuring that board members receive complete, accurate and timely information in a timely manner;• Ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;• To chair shareholders meetings and lead board meetings and discussions;• To act as the Company's ambassador, both within domestic market and internationally;• To facilitate and encourage active participation and effective contribution of non-executive directors as well as allow dissenting views to be freely expressed;• To manage the interface between Board and Management;• To act as a liaison between the Company and Government Officials, embassy and foreign investors;• To be the main spokesperson for the Company;• Leading the Board in establishing and monitoring good corporate governance practices in the Company; and• To be in charge of branding and corporate imaging of the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Due to the re-designation of En Azlan bin Abdullah from Managing Director to Non-Independent Non-Executive Director on 11 February 2019, the roles and responsibilities of the Managing Director is carried out by the Executive Chairman.	
		Due to the Company having down-sized its operations and Mycron Steel Berhad being the major subsidiary of the Company who has its own management team, the need to have a Managing Director or CEO is not critical at this juncture; however this matter will be reviewed should circumstances change.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary, Ms Lily Yin Kam May is a member of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is therefore qualified and licensed to hold the position as Company Secretary of the Company pursuant to Section 235(2) of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretary include, but not limited to the following functions :-</p> <ul style="list-style-type: none">• manage all Board and Board Committees meeting logistics, attend and record minutes of all board and Board Committee meetings and facilitate the Board communications;• advise the Board on its roles and responsibilities;• facilitate the orientation of new directors and assist in director training and development;• advise the Board on corporate disclosures and compliance with company and security regulations and listing requirements;• manage processes pertaining to the AGM;• monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's need and stakeholders' expectations;• serve as a focal point for stakeholders' communication and engagement on corporate governance issues. <p>The Company Secretary is also accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board.</p> <p>The Company Secretary is appointed and dismissed by the Board and all Directors have separate and independent access to the Company Secretary.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of its duties.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has access to timely and accurate information necessary in the furtherance of their duties. All Directors are furnished with the meeting agenda and other documents on matters requiring their consideration prior to and in advance of each Board meeting.</p> <p>Generally, the Board papers are circulated to all Board members five (5) working days before the board meeting save for important or urgent matters that require the immediate attention of the Board.</p> <p>All proceedings, deliberations and conclusions from the Board meetings are clearly recorded by way of minutes. The minutes are then confirmed by the Board and signed as correct records of the proceedings thereat by the Chairman of the meeting.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board understands the importance of the roles and responsibilities between the Board and Management. As part of the good corporate governance process, the Board has documented these roles and responsibilities in the Board Charter to ensure accountability of both parties and also to provide reference for Directors in relation to the Board's role, powers, duties and functions.</p> <p>The Board Charter clearly sets out the functions, responsibilities, and processes of the Board and ensures that all Board members are aware of their roles and duties. The Board Charter also addressed Board balance and composition, Board's authorities, schedule of matters reserved for the Board, the establishment of Board Committees, processes and procedures for convening Board meetings, the Board's assessment and review of its performance, compliance with ethical standards, Board's access to information and advice and declarations of conflict of interest.</p> <p>The Board reviews the Board Charter periodically, or when necessary, to ensure it remains relevant and effective at the prevailing time and business environment. The Board Charter was last reviewed and approved by the Board on 30 May 2018 to re-align the existing governance policies in the Company with the corporate governance practices prescribed by MCCG 2017 and the MMLR, where or relevant.</p> <p>The Board Charter is available on the Company's website at www.melewar-mig.com.</p> <p>The Board Charter also specifies the key issues and decisions that are reserved for the Board which include, amongst others, the following :-</p> <ul style="list-style-type: none">• Acquisitions and disposals of assets of the Company or of its subsidiaries that are material in nature;• Investment in new business;• Divestment / sale of existing business;• Related-party transactions of a material nature;• Authority levels for core functions;

	<ul style="list-style-type: none"> • Investment and treasury policies; • Risk Management policies; • Outsourcing of core business functions; • Corporate proposal on fund raising; • Compensation and remuneration of directors and key senior officers. <p>The Board Charter provides guidance to the Board in the fulfillment of its roles and responsibilities which are in line with the principles of good corporate governance. The Board will continue to review the Board Charter periodically as may be necessary in order to ensure it remains updated should there be changes to the Company's policies, procedures and processes or the relevant legislations and regulations.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had adopted the "Code of Conduct and Ethics" that are applicable to all Directors, Management and employees of the Group, which set forth the ethical and professional standards of corporate and individual behaviour expected to enhance the standard of corporate governance and corporate behaviour.</p> <p>The Code covers the general duties to act in the best interest of the Group which includes practises of fair dealing, maintaining confidentiality, insider trading, compliance with laws, and managing conflicts of interest which is further explained under Part A, Paragraph 5 of the Board Charter.</p> <p>The Board will periodically review and update the Code in accordance with the needs of the Group to ensure that they continue to remain relevant and appropriate.</p> <p>The Board was also made aware of the new Corporate Liability Act via Section 17A of the Malaysian Anti-Corruption Commission Act 2009. Given the "vicarious liability of directors and management" outlined in the said Section 17A, the Board plans to strengthen the adequate procedures to prevent the commission of corrupt acts by directors, management and employees.</p> <p>The Code of Conduct and Ethics is also published on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Whistle-Blowing Policy is encapsulated in ICP 16 and details the channels for anonymous reporting to be made on suspected fraud, misconduct and/or wrongdoings against employees, Managing Director or any directors or the Chairman of the Company whilst ensuring the integrity of the process and information and also the rights of informants.</p> <p>The Whistle-Blowing Policy is published on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied.
Explanation on application of the practice	:	<p>Currently the Board comprises of seven (7) members whereby four (4) are Independent Non-Executive Directors.</p> <p>Dedicated Board Committees were also established and are chaired by Independent Non-Executive Directors. The three (3) Board Committees established by the Board namely:</p> <ul style="list-style-type: none">• Audit and Governance Committee;• Risk and Sustainability Committee; and• Nomination and Remuneration Committee <p>The Independent Directors make up half of the Board, as recommended by the MCG 2017.</p> <p>As an additional measure to safeguard independence, the Board had appointed General Tan Sri Dato' Sri Hj Suleiman bin Mahmud RMAF (Rtd) ("General Tan Sri Dato' Sri Hj Suleiman") as the Senior Independent Director to be the principal conduit between the Chairman and the Independent Directors. He is also tasked to address any enquiries or concerns raised by stakeholders whenever the enquiries or concerns are unsuitable to be raised through normal reporting channels.</p> <p>With General Tan Sri Dato' Sri Hj Suleiman having vacated the office as director with effect from 4 September 2019, the Board had identified En Shazal Yusuf bin Mohamed Zain ("En Shazal") to be the Senior Independent Director of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	<p>One of the Independent Non-Executive Directors of the Company, En Shazal had attained the tenure of nine (9) years by 30 May 2019 for which the resolution on his re-election as Independent Non-Executive Director was approved by the shareholders at the Annual General Meeting ("AGM") held on 29 November 2018.</p> <p>The Nomination and Remuneration Committee ("NRC") was again requested to assess and evaluate the position of En Shazal during the NRC Meeting held in August 2019. The NRC agreed that En Shazal has remained objective and continued to be independent and unbiased in expressing his view and in participating in deliberations.</p> <p>The Board is satisfied through the assessment and evaluation by the NRC and agreed to recommend him to be re-elected and continue to act as Independent Non-Executive Director of the Company. The resolution to re-elect En Shazal to continue as an Independent Non-Executive Director will be tabled for shareholders' approval at the forthcoming AGM to be held on 29 November 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Applied
Explanation on application of the practice	:	<p>The Procedure for the Appointment and Removal of Directors states that the tenure of an independent director should not exceed a cumulative term of nine (9) years.</p> <p>An independent director may be retained as an independent director after a cumulative term of nine (9) years, subject to:</p> <p>(a) an assessment and recommendation of the Nomination and Remuneration Committee; and</p> <p>(b) the Board recommends with strong justification for shareholders' approval in a general meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear and transparent process for the nomination, selection and appointment of suitable candidates to the Board according to Procedure for the Appointment and Removal of Directors and the Review of the Effectiveness of the Board and Individual Directors.</p> <p>The said policy includes assessing the suitability of an individual before recommendation is made to appoint the candidate to the Board, based on the following criteria :</p> <ul style="list-style-type: none">• skills, knowledge, expertise and experience of the candidate;• education qualification and/or working experience of the candidate;• age, ethnicity, cultural background and gender of the candidate;• the number of directorships already held by the candidate;• the candidate's other commitments and resources and time available for input to the Board;• relationship of the candidate with any director or major shareholder of the Company;• Diversity of the Board composition, including the gender diversity target. <p>To fulfil the target set by the Board to have at least one (1) female director on the Board, the Nomination and Remuneration Committee ("NRC") had carried out an assessment on Datin Seri Raihanah Begum binti Abdul Rahman ("Datin Seri Raihanah Begum").</p> <p>The NRC was satisfied that her professional qualifications, skills and experience, especially in insurance, will be able to contribute positively and effectively to the Board and to undertake and fulfill the duties and responsibilities as an Independent Non-Executive Director of the Company.</p> <p>The Board based on the recommendation of the NRC had agreed to the appointment of Datin Seri Raihanah Begum on 8 April 2019.</p> <p>The Board had also considered the composition of the Board based on the experience and qualification of the current Board members and was of the view that the Board required a Board member which has the qualifications set out under Chapter 15.09 of Part C(c) which pertains to at least one member of the audit committee :</p> <p>(i) must be a member of the Malaysian Institute of Accountants; or</p>

	<p>(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and –</p> <p>(aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or</p> <p>(bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or</p> <p>(iii) fulfils such other requirements as prescribed or approved by the Exchange.</p> <p>The NRC had on 14 August 2019 deliberated on the proposed appointment of Mr Kwo Shih Kang who has the requisite experience and qualifications described above. Based on the recommendation by the NRC, the Board had agreed to the appointment of Mr Kwo Shih Kang as an additional independent director to the Board on 23 August 2019 and on 28 August 2019, the Board had agreed to the recommendation of the NRC to appoint Mr Kwo Shih Kang as the Chairman of the Audit & Governance Committee in place of En Shazal.</p> <p>The NRC had also recommended to appoint Dato' Dr. Kili Ghandhi Raj A/L K R Somasundram ("Dato' Dr. Ghandhi") as an Independent Non-Executive Director to further enhance the array of experience possessed by the current board members as well as he is expected to contribute to discussions and strategies for the benefit of the Company and Group.</p> <p>Based on the recommendation of the NRC, Dato' Dr. Ghandhi was appointed as an Independent Non-Executive Director to the Board with effect from 3 September 2019.</p> <p>The appointment of Key Senior Management was also made with due regard for diversity in skills, experience, age, and gender. The detailed particulars of Directors and Key Senior Management are provided in the Annual Report 2019.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company sees the participation of women as being fundamental to the achievement of equal opportunity in the workplace and has reviewed and continues to implement its Policy on Diversity. The relatively large number of female employees in the Group is proof that the gender diversity approach has long been in practice in the Group.</p> <p>Based on the Procedure for the Appointment of Directors to the Board, the Board had set a target of having at least one (1) woman director on the Board.</p> <p>On 8 April 2019, the Board had appointed Datin Seri Raihanah Begum as an Independent Non-Executive Director to the Board thereby fulfilling the target.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	The Procedure for the Appointment of Directors states that the Nomination and Remuneration Committee ("NRC") may seek a potential candidate through a variety of approaches and sources to ensure that it is able to identify the most suitable candidates that will enhance the composition of the Board with sufficient diversity and independence and fit the Company's objectives and strategic goals. Furthermore, the NRC shall consider not only the recommendation by Management, existing board members or major shareholders, but include independent sources such as sourcing through directors' registry or use of independent search firms.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee ("NRC") comprises of three (3) members, all of whom are Independent and Non-Executive Directors.</p> <p>The Board had agreed to appoint En Shazal, an Independent Non-Executive Director who is also the Senior Independent Director, in place of General Tan Sri Dato' Sri Hj Suleiman who had vacated the office as director with effect from 4 September 2019.</p> <p>The NRC met two (2) times during the financial year ended 30 June 2019 to review the results of the evaluation performed on the Board and Board Committees as well as to review, assess and recommend to the Board the remuneration package of the Executive Directors and Senior Management of the Company.</p> <p>The terms of reference of the NRC also sets out that the Chairman of the NRC is to be an Independent Non-Executive Director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee ("NRC") on annual basis performs an assessment of the effectiveness and performance of the Board and Board Committees to verify that the Board is functioning appropriately as a whole.</p> <p>The evaluation of the Board covers, interalia, the board structure, mix and its composition, frequency of meetings, board responsibilities, board dynamics, risk management and internal control areas and the chairman function as well as independence of independent directors.</p> <p>The evaluation of the Board Committees covers the performance of the role and function of the Committees as well as the effectiveness of the Chairman of the respective Board Committees.</p> <p>The evaluation of individual directors includes the fit and proper criteria, each director's contribution and performance of his duties as well as independence (in relation to independent directors).</p> <p>On 28 August 2019, the NRC had conducted an evaluation on the Board, the Board Committees and individual directors which is facilitated by the Company Secretary; the results of the assessments are compiled, documented and reported to the Board accordingly as part of the Company's ongoing corporate governance practises.</p> <p>Based on the evaluation conducted on the Board, Board Committees and individual directors as well as Independent Directors, the NRC was satisfied with the overall performance of the Board, Board Committee and individual directors and was of the view that each Board member possess sufficient qualification to remain on the Board. Furthermore, the NRC was of the view that all the Directors have good personal attributes and possess sufficient experience and knowledge in various fields that could contribute positively to the Company.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>On a yearly basis, the Nomination and Remuneration Committee ("NRC") reviews and recommends to the Board the remuneration packages of the Executive Directors and Senior Key Officers based on the recommendation by Management who in turn based their recommendations on the market analysis on salaries collated by Malaysian Employers Federation and Hays; while the remuneration for the Non-Executive Directors is determined by the Board as a whole. In making its recommendation, the NRC considers the principles set out in the Procedure for Determining the Remuneration of the Directors, Group Managing Director/Group Chief Executive Officer and Key Senior Officers and believes that the levels of remuneration offered by the Group are sufficient to attract directors of calibre with sufficient experience and talent to contribute to the performance of the Group.</p> <p>The Executive Directors and Key Senior Officers of the Company are subject to an annual performance process. The NRC also considers the bonus framework for the Executive Directors and Key Senior Officers which link their appraisal process to specific reward and incentive outcomes.</p> <p>The NRC in discharging its responsibilities in recommending the remuneration packages for the Directors, Executive Directors and Key Senior Officers of the Company takes into account the following:</p> <ul style="list-style-type: none">• reflect the skills, experience and level of responsibility borne by individual directors, Executive Directors and key senior officers;• sufficient to attract and retain directors, Executive Directors and key senior officers of calibre needed to manage the Company successfully;• demands, complexities and performance of the Company; and• balanced against the need to ensure that the funds of the Company are not used to subsidise excessive remuneration packages.
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee ("NRC") functions on a Terms of Reference ("TOR") approved by the Board.</p> <p>The main duties and responsibilities of the NRC sets out in the TOR are to assist the Board in succession planning and appointment of board members as well as annual evaluation of the performance of the Board, Board Committees and individual directors, and developing and administering the appropriate remuneration policies applicable to Directors, Group Managing Director/Group Chief Executive Officer and key senior officers.</p> <p>The Terms of Reference of the NRC is published on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	Detailed disclosure of the remuneration of each director is disclosed in the Corporate Governance Overview Statement in the Annual Report 2019.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>In determining the remuneration packages of the Senior Management, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group’s performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents as well as the overall performance of the Company and benchmarked against other companies operating in similar industry.</p> <p>The Board believes it may not be in its best interest to disclose the information on the remuneration on named basis of each member of the Senior Management, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group’s business activities.</p> <p>The Board will continuously undertake a robust internal process to ensure that the remuneration of Senior Management is competitive and fair.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

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

Application :	Not Adopted.
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>Currently, the Audit and Governance Committee (“AGC”) comprises of three (3) members, all of whom are Independent and Non-Executive Directors. No Alternate Director is appointed as a member of the AGC.</p> <p>Mr Kwo Shih Kang, who is an Independent Non-Executive Director and not the Chairman of the Board was appointed as Chairman of the AGC on 28 August 2019 in place of En Shazal.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Terms of Reference of the Audit and Governance Committee has been revised to include the said requirement of the 2 years' cooling off period. None of the members of the Audit and Governance Committee is a former key audit partner.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Governance Committee ("AGC") assesses and monitors the performance and independence of the External Auditors which is set out as one of the roles and responsibilities of the AGC in its Terms of Reference.</p> <p>The AGC has obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement.</p> <p>The AGC undertakes an annual assessment of the suitability and independence of the external auditors. Based on the assessment conducted by the AGC on 28 August 2019, the Board is satisfied that the quality of service, adequacy of resources provided, communication, independence and professionalism were demonstrated by the External Auditors in carrying out their function.</p> <p>Pursuant to this, the Board is recommending to the shareholders for the re-appointment of the External Auditors during the forthcoming Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	Currently the Audit and Governance Committee comprises of three (3) members, all of whom are Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit and Governance Committee ("AGC") has a mixed of qualified and experienced professionals in the field of finance, consultancy and insurance.</p> <p>All the AGC members have attended the necessary trainings to discharge their duties including to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The training attended by the members of the AGC can be found in the Corporate Governance Overview Statement in the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has an established risk management and internal control framework. The Board through the Risk and Sustainability Committee and the Audit and Governance Committee, continually reviews the adequacy and effectiveness of the framework.</p> <p>On-going reviews are performed on a quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Company's Management Team as well as the Group's independent internal audit function. The findings of the internal audit function are reported on quarterly basis.</p> <p>Further details on the framework can be found in the Statement on Risk Management and Internal Control in the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The responsibilities of identifying and managing risks are delegated to the respective Heads of Departments. The Audit and Governance Committee will review the effectiveness of the processes involved. Any material risk identified will be discussed and appropriate/mitigating actions or controls will be implemented. This is to ensure the risk is properly monitored and managed to an acceptable level. The Board has disclosed the features of its risk management and internal control framework, and the adequacy and effectiveness of the framework in the Statement on Risk Management and Internal Control in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 9.3 - Step Up

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

Application	:	Applied
Explanation on adoption of the practice	:	Currently, the Risk and Sustainability Committee comprises of three (3) members, all members are Independent Non-Executive Directors.

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to Deloitte Risk Advisory Sdn Bhd ("Deloitte") as part of the effort to ensure that the Group's system of internal controls is adequate and effective.</p> <p>The independent internal auditors reports directly to the Audit and Governance Committee ("AGC") on its activities based on approved annual internal audit plan; however should the AGC have knowledge of an urgent and important area to be audited, Deloitte would then be directed to revise their audit plan accordingly.</p> <p>The principal responsibility of the internal audit function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group.</p> <p>The AGC on an annual basis assess the performance of the level of services provided to the Company by the internal audit service provider.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent consulting firm, Deloitte Risk Advisory Sdn Bhd (“Deloitte”). The team from Deloitte is led by the Executive Director, Mr Anthony Tai, who has over 18 years’ experience in the field. He is a Chartered Accountant, Certified Information Systems Security Professional (CISSP), Certified Information System Auditor (CISA), Certified Practicing Account and ISO/IEC 27001:2005 Provisional Auditor.</p> <p>The Deloitte internal audit function consists of over 75 professional internal auditors. None of the internal auditors has any relationship or conflict of interest with the Company.</p> <p>The internal audits were conducted in accordance with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.</p> <p>The internal auditor reports directly to the Audit and Governance Committee.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Annual General Meeting ("AGM") is a good opportunity for proactive engagement and communication between the Board, shareholders and investors. Shareholders who are unable to attend are entitled to appoint a proxy to attend, speak and vote on their behalf.</p> <p>The Board has identified En Shazal as the Senior Independent Director to whom any queries, feedbacks and concerns with regard to the Group, may be conveyed.</p> <p>All shareholders are encouraged to attend the Company's general meetings and to participate in the proceedings. At the AGM and/or Extraordinary General Meeting, the Chairman gives shareholders ample opportunity to participate through questions on the prospects, performance of the Group and other matters of concern addressed to the Board. Shareholders' suggestions received during the general meeting are reviewed and considered for implementation, wherever possible.</p> <p>The notice of the meeting will also be advertised in the newspaper.</p> <p>The MIG Group website www.melewar-mig.com contains corporate information of the Company, including references to and notices about the AGM, periodic financial statements, Board Charter, Code of Conduct and Ethics, Procedure for Determining the Remuneration of Directors, Group Managing Director/Group Chief Executive and Key Senior Officers and Terms of Reference of the Board Committees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

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

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has endorsed the adoption of MCCG 2017 requirement for notice of Annual General Meeting to be given to its shareholders at least 28 days prior to the meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is aware of the importance of meaningful communication with its shareholders. It is the Board's expectation for all its directors to attend the Annual General Meeting, and the Board will use its best endeavours to provide meaningful response to questions addressed to them.</p> <p>The Company has implemented electronic shareholder registration and electronic poll voting system which encourages and facilitate shareholders' participation at the general meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate—

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied	
Explanation on application of the practice	:	MIG's General Meetings are always held in Kuala Lumpur and not in remote locations. Majority of MIG's shareholders are mostly located in Kuala Lumpur and Selangor.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		