

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6459
COMPANY NAME : MNRB Holdings Berhad
FINANCIAL YEAR : March 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of MNRB Holdings Berhad ("MNRB") is responsible to lead and control the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company and its stakeholders. The Directors discharge their roles and duties with integrity, honesty and professionalism.</p> <p>The Board is principally responsible for:-</p> <p>Strategy Setting</p> <p>The Board reviews and approves business strategies, financial performance, major capital and operating budget and matters of policy. The Board monitors the management's performance in implementing the adopted strategies and it provides relevant direction and advice, where necessary, to ensure the achievement of the Company's objectives.</p> <p>For year 2021, the annual Budget meeting was held in January 2021 instead of March 2021 as per usual practice. This was possible following steps taken to enhance the financial statements close process of the MNRB Group. The earlier deliberation of the annual Budget had enabled the Company's strategies for the coming financial year to be deliberated in advance.</p> <p>Management of the Company</p> <p>The Board reviews management performance, ensuring that the</p>

Company is properly managed.

In carrying out his task, the President & GCEO is supported by the Group Management Committee (“GMC”), which comprised the President & GCEO as the Chairman and the President & CEOs of the key operating subsidiaries. The GMC provides a summary of the Group’s and the Company’s issues and financial performances to the Board every quarter.

The Head, Group Compliance Management provides the Board with a report on the Group’s and Company’s compliance with statutory obligations as well as relevant rules and regulations. Non-compliance incidents and remedial action plans are tabled to the Board for information or approval, if any.

Risk Management

The Board ensures that principal risks are identified and adequate mitigating action plans are put in place. In ensuring risk assessment and control, the Risk Management Committee of the Board (“RMCB”) has been entrusted with providing oversight and governance of risks for the Company. The Corporate Risk Scorecard is presented to the RMCB and the Board every quarter.

The Statement of Risk Management and Internal Control is disclosed in the Company’s Annual Report 2021.

Succession Planning

The Board is responsible to ensure candidates for the post of President & GCEO and other key roles are of high calibre. The Board has in place a succession planning strategy in replacing senior management, when necessary.

A summary on succession planning is disclosed in the Company’s Sustainability Statement in the Annual Report 2021.

Integrity of Internal Control

The Board reviews the adequacy and integrity of the Company’s internal control system on a regular basis and ensures that there is an effective and satisfactory framework for reporting internal financial controls and regulatory compliance. In addition, the Board continues to ensure the effective functioning of an Audit Committee and Internal Audit department.

	<p>Aside from its principal duty, the Board also ensures that all its Directors attend trainings and knowledge sharing sessions to continuously build upon their operational knowledge.</p> <p>The Board delegates review functions to the various Board Committees it has established. To ensure a more holistic review and oversight, the Chairman of each Board Committee provides a report to the Board on issues and matters raised at their respective meetings for the Board's further consideration.</p>	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Datuk Johar Che Mat, a Non-Independent Non-Executive Director ("NINED") has been the Chairman of the Company since 1 July 2019. The Chairman leads the Board and is also responsible for its performance. Together with the rest of the Board members, the Chairman sets the policy framework and strategies to align business activities with the Group's objectives. He ensures orderly conduct and proceedings of the Board, where healthy debate on issues being deliberated is encouraged to reflect an appropriate level of independence.</p> <p>In addition, the Chairman cultivates a healthy working relationship with the President & GCEO and provides the necessary support and advice as appropriate. The Chairman continues to demonstrate the highest standards of corporate governance practices and ensures that these practices are regularly communicated to all the stakeholders.</p> <p>The Chairman's profile can be found in the Company's Annual Report 2021 and the detailed role and responsibilities of the Chairman are mentioned in the Board Charter, as disclosed on the Company's corporate 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

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman and the President & GCEO are separated with a clear division of responsibilities as defined in the Board Charter.</p> <p>This distinction is to provide better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach facilitates efficiency, expedites decision making and ensures that no one individual has unfettered decision-making powers.</p> <p>The Chairman and the President & GCEO are not related to each other.</p> <p>The Chairman leads the Board and is also responsible for its performance. Together with the rest of the Board members, the Chairman sets the policy framework and strategies to align the business activities driven by the Senior Management Team with the Group's vision and mission. He ensures orderly conduct and proceedings of the Board, where healthy debate on issues being deliberated is encouraged to reflect an appropriate level of skepticism and independence.</p> <p>On 1 July 2019, the Board had appointed and redesignated Datuk Johar Che Mat from Independent Non-Executive Director to Non-Independent Non-Executive Chairman/Director effective from the same date. Although the Chairman is a Non-Independent Non-Executive Director, his influence on the Board is balanced by the majority of Independent Non-Executive Directors.</p> <p>Zaharudin Daud was appointed as the new President & GCEO of the Company effective on 23 November 2020 to replace Mohd Din Merican who had resigned effective from the same date.</p>

	<p>The President & GCEO is the channel between the Board and management in ensuring the execution of the Group's strategies and day-to-day business operations are performed at the highest level of integrity and transparency.</p> <p>He is also responsible for ensuring high management competency as well as the implementation of an effective management succession plan to sustain continuity of operations. He is also responsible for the implementation of policies and Board decisions as well as coordinating the development and implementation of corporate strategies.</p> <p>The President & GCEO also ensures that the financial management practice is at the highest level of integrity and transparency for the benefit of the shareholders and that the affairs of the Company are performed in an ethical manner.</p> <p>The President & GCEO's profile can be found in the Company's Annual Report 2021.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a qualified and competent Company Secretary pursuant to Section 235(2) of the Companies Act 2016, namely Lena Abd Latif, a licensed Company Secretary by the Companies Commission of Malaysia.</p> <p>The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Directors and Management.</p> <p>The Company Secretary also serves notices to the Directors and all staff on the closed period for trading in MNRB shares, in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Listing Requirements.</p> <p>In addition to acting as the custodian of the Company's and the Group's statutory records, the Company Secretary serves and advises the Board on matters relating to the affairs of the Board and good corporate governance practices.</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

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 agenda for Board meetings together with Board papers are furnished to the Directors not less than three (3) working days prior to the Board meeting. This allows time for the Directors to review the Board papers and facilitates full discussion at the Board meeting. Sufficient time is given to the Directors to enable them to obtain further explanations, where necessary, so that there will be full participation by Directors at the meeting.</p> <p>Proper guidelines have been given to Management pertaining to the content, presentation style and delivery of papers to the Board to ensure adequate information is disseminated to the Directors. In the event the papers are not prepared in accordance with the format above or are incomplete, the Company Secretary will assist to liaise with the originator to ensure adherence to the same.</p> <p>The Board meeting papers contain information in a form and of a quality appropriate to enable the Board to discharge its duties effectively. In order to maintain confidentiality, Board meeting papers are distributed with special password that is revised half yearly or when necessary.</p> <p>Each Head of Department is required to make presentations on proposal papers and brief/update Board members on operational issues from time to time to facilitate Directors in discharging their duties.</p> <p>The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation and upon receiving confirmation from all the members at the Board meetings. The minutes are signed by the Chairman of the</p>

	<p>meeting as a correct record of the proceedings of the meeting.</p> <p>The Chairman with the assistance of the Company Secretary ensures that clear and accurate minutes of Board meetings which include the key deliberations, rationale for each decision made, and any significant concerns or dissenting views are recorded.</p> <p>The Company Secretary ensures that Board meeting decisions are disseminated to the President & GCEO and the relevant Heads of Department in a timely manner so that necessary actions can be taken by them.</p> <p>All Directors have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.</p> <p>All Directors have direct access to members of the Senior Management Team and the services of the Company Secretary to also enable them to discharge their duties effectively.</p> <p>The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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 is mindful of the need to protect the interests of its shareholders and other stakeholders. The Board had formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set by the regulatory authorities.</p> <p>The roles and responsibilities of the Chairman, Board, Senior Independent Director, and President & GCEO are clearly outlined in the Board Charter. It also serves as a source of reference and primary induction literature to provide insights to prospective and/or newly appointed Board members and senior management.</p> <p>The Board Charter will be reviewed, when necessary, to incorporate updates and enhancements to the existing rules and regulations.</p> <p>The Board Charter is available on the Company's website at www.mnrb.com.my.</p> <p>In view of the challenges and recognizing the demand of increased board leadership, the Directors are expected to continuously enhance their knowledge and skill pursuant to Paragraph 15.08 of the Listing Requirements.</p> <p>The Board is also responsible to ensure continuing education / training for the Directors to update their knowledge and enhance their skills in discharging their duties through attendance at relevant training programs.</p>

In this respect, the Directors had attended various training/conferences/ seminars/ workshops programs during the financial year ended 31 March 2021, as follows:-

Name of Director	Date	List of Training/Conference/Seminar/Workshop Attended	Organiser/ Provider
Datuk Johar Che Mat	22 May 2020	MNRB Group Directors' Training – 2020: Latest Cybersecurity Threats and Landscape	MNRB Group
	9 June 2020	MNRB Group Directors' Training – Corporate Liability Provision MACC (Amendment) Act 2018	MNRB Group
	2 July 2020	MNRB Group Directors' Training – Shariah Governance Under New Shariah Governance Policy Document	MNRB Group
	29 July & 15 Sept 2020	MNRB Group Directors' Webinar 101 Series – Reinsurance and Retrocessions – Part I & II	MNRB Group
	23 October 2020	MNRB Group Directors' Training –Updates on MFRS 17	MNRB Group
George Oommen	27 April 2020	MASB Virtual Conference: Presentation of Financial Statements – A Change for Better Comparability and Transparency of Companies' Performance Reporting	Malaysian Accounting Standards Board (MASB)

Name of Director	Date	List of Training/Conference/Seminar/Workshop Attended	Organiser/ Provider
George Oommen (cont'd)	22 May 2020	MNRB Group Directors Training – 2020: Latest Cybersecurity Threats and Landscape	MNRB Group
	9 June 2020	MNRB Group Directors Training – Corporate Liability Provision MACC (Amendment) Act 2018	MNRB Group
	26 June 2020	MNRB Group Directors' Webinar 101 Series – Takaful 101	MNRB Group
	2 July 2020	MNRB Group Directors' Training – Shariah Governance Under New Shariah Governance Policy Document	MNRB Group
	14 July 2020	Labuan Re Retrocession Training Walkthrough	MNRB Group
	29 July & 15 Sept 2020	MNRB Group Directors' Webinar 101 Series – Reinsurance and Retrocessions – Part I & II	MNRB Group
	2 Sept 2020	Labuan Re Directors On-Boarding Training	MNRB Group
	23 October 2020	MNRB Group Directors' Training – Updates on MFRS 17	MNRB Group
28 October 2020	Corporate Governance: Risk Management & the Internal Control System	Asia School of Business	

Name of Director	Date	List of Training/Conference/Seminar/Workshop Attended	Organiser/ Provider
George Oommen (cont'd)	2 Nov 2020	FIDE Forum Webinar: Climate Action: The Board's Leadership in Greening the Financial Sector	FIDE
	2 Dec 2020	PNB YTI Memorial Lecture 2020 - Lessons from Covid-19 Pandemic	Permodalan Nasional Berhad
	27 January 2021	6 th Asia Pacific Thought Leadership Forum: Recovery Leveraging on Analytics Driven Forward-Based Insights	Association of Chartered Certified Accountants
	11 March 2021	FIDE Forum's Webinar: Rethinking Our Approach to Cyber Defence in FIs	FIDE
	19 March 2021	Special Presentation on Actuarial Valuation of Liabilities of General Takaful Business and Family Takaful Business with Takaful IKHLAS Family and Takaful IKHLAS General Directors	MNRB Group
	31 March 2021	Labuan Re Training by KPMG on MFRS 17	MNRB Group
Khalid Sufat	22 May 2020	MNRB Group Directors' Training – 2020: Latest Cybersecurity Threats and Landscape	MNRB Group

Name of Director	Date	List of Training/Conference/Seminar/Workshop Attended	Organiser/ Provider
Khalid Sufat (cont'd)	9 June 2020	MNRB Group Directors' Training – Corporate Liability Provision MACC (Amendment) Act 2018	MNRB Group
	26 June 2020	MNRB Group Directors' Webinar 101 Series – Takaful 101	MNRB Group
	2 July 2020	MNRB Group Directors' Training – Shariah Governance Under New Shariah Governance Policy Document	MNRB Group
	28 July 2020	Cyber Awareness Updates	Kuwait Finance House (Malaysia) Berhad ("KFH")
	29 July & 15 Sept 2020	MNRB Group Directors' Webinar 101 Series – Reinsurance and Retrocessions – Part I & II	MNRB Group
	17 Aug – 9 Sept 2020	Digital Transformation Programme	Employees Provident Fund
	23 Sept 2020	Shariah Governance Policy and Resolutions (SGPD) of BNM Shariah Advisory Council	KFH

	Name of Director	Date	List of Training/Conference/Seminar/Workshop Attended	Organiser/ Provider
	Khalid Sufat (<i>cont'd</i>)	19 Nov 2020 1 – 2 Dec 2020 15 – 16 March 2021 22 – 23 March 2021	FIDE Elective: Anti-Money Laundering / Counter Financing of Terrorism – Banking Sector Shariah Audit Conference 2020 - Mainstreaming Shariah Audit in Islamic Finance Malaysian Institute of Accountants – Audit Committee Conference 2021 MIA Webinar Series – 10 Cybersecurity Best Practices for Business	FIDE Malaysian Institute of Accountants (“MIA”) MIA MIA
	Junaidah Mohd Said	6 – 14 April 2020 22 May 2020 9 June 2020	FIDE Programme Module B: Insurance MNRB Group Directors’ Training – 2020: Latest Cybersecurity Threats and Landscape MNRB Group Directors’ Training – Corporate Liability Provision MACC (Amendment) Act 2018	FIDE MNRB Group MNRB Group

	Name of Director	Date	List of Training/Conference/Seminar/Workshop Attended	Organiser/ Provider
	Junaidah Mohd Said <i>(cont'd)</i>	2 July 2020	MNRB Group Directors' Training – Shariah Governance Under New Shariah Governance Policy Document	MNRB Group
		29 July & 15 Sept 2020	MNRB Group Directors' Webinar 101 Series – Reinsurance and Retrocessions – Part I & II	MNRB Group
		3 August 2020	PNB Forum: MALAYSIAN & ASEAN Navigating China-US Relations	Permodalan Nasional Berhad
		8 August 2020	Directors' Training Private Session – Takaful 101	MNRB Group
		23 October 2020	MNRB Group Directors' Training – Updates on MFRS 17	MNRB Group
		11 Dec 2020	Financial Institutions Directors' Education Programme – Module B Insurance: Board Simulation	FIDE
	Zaida Khalida Shaari	6 – 14 April 2020	FIDE Programme – Module B (Insurance)	FIDE & Asia School of Business
		22 May 2020	MNRB Group Directors' Training – 2020: Latest Cybersecurity Threats and Landscape	MNRB Group

	Name of Director	Date	List of Training/Conference/Seminar/Workshop Attended	Organiser/ Provider
	Zaida Khalida Shaari <i>(cont'd)</i>	9 June 2020	MNRB Group Directors' Training – Corporate Liability Provision MACC (Amendment) Act 2018	MNRB Group
		25 June 2020	Corruption Risk Management Awareness Session	UEM Sunrise
		26 June 2020	MNRB Group Directors' Webinar 101 Series – Takaful 101	MNRB Group
		30 June 2020	FIDE Programme Module A: Insurance	FIDE & Asia School of Business
		2 July 2020	MNRB Group Directors' Training – Shariah Governance Under New Shariah Governance Policy Document	MNRB Group
		29 July & 15 Sept 2020	MNRB Group Directors' Webinar 101 Series – Reinsurance and Retrocessions – Part I & II	MNRB Group
		8 August 2020	Directors' Training Private Session – Takaful 101	MNRB Group
		25 August 2020	Managing Political Risks	Asia School of Business
		23 October 2020	MNRB Group Directors' Training – Updates on MFRS 17	MNRB Group

	Name of Director	Date	List of Training/Conference/Seminar/Workshop Attended	Organiser/ Provider
	Zaida Khalida Shaari <i>(cont'd)</i>	Nov 2020	Innovation for Future Office	Real Innovation Academy
		26 Nov 2020	FIDE Programme Module B Insurance - Board Simulation	FIDE & Asia School of Business
		18 Jan 2021	How to be an Effective NED in a Disruptive World	Institute of Corporate Directors (ICDM)
	Dato' Wan Roshdi Wan Musa	22 May 2020	MNRB Group Directors' Training – 2020: Latest Cybersecurity Threats and Landscape	MNRB Group
		9 June 2020	MNRB Group Directors' Training – Corporate Liability Provision MACC (Amendment) Act 2018	MNRB Group
		15 – 17 June 2020	Mandatory Accreditation Programme (MAP)	Bursa Malaysia Securities
		26 June 2020	MNRB Group Directors' Webinar 101 Series – Takaful 101	MNRB Group
		29 – 30 June, 1, 3, 7 – 10 July 2020	FIDE Programme Module A: Insurance	FIDE

	Name of Director	Date	List of Training/Conference/Seminar/Workshop Attended	Organiser/ Provider
	Dato' Wan Roshdi Wan Musa <i>(cont'd)</i>	2 July 2020	MNRB Group Directors' Training – Shariah Governance Under New Shariah Governance Policy Document	MNRB Group
		13-15 July 2020	FIDE Programme Module B: Insurance	FIDE
		15 Sept 2020	MNRB Group Directors' Webinar 101 Series – Reinsurance and Retrocessions – Part II	MNRB Group
		23 Oct 2020	MNRB Group Directors' Training – Updates on MFRS 17	MNRB Group
		26 Nov 2020	FIDE Programme Module B: Insurance - Board Simulation	FIDE
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 MNRB's Code of Conduct for employees ("Code of Conduct") is incorporated in the MNRB's Scheme of Service, for strict adherence by all employees.</p> <p>The said Code of Conduct stipulates, amongst others, that its officers must conform strictly to the laws and regulations of Malaysia along with the accepted standards of business ethics as set out therein.</p> <p>The stipulations in the said Code of Conduct include within its purview the restrictions on solicitation and/or acceptance of corrupt payments, making of corrupt payments, acceptance and payment of commission along with restrictions on gifting and entertainment by the Company's officers.</p> <p>In addition, and pursuant to the issuance of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACCA") specifically in lieu of the implementation of the corporate liability provision which has taken effect on 1 June 2020, MNRB has carried out and continue to carry out proactive measures to ensure that the Group has adequate procedures put in place by developing the Group Organisational Anti-Corruption Plan ("GACP") prior to the said effective date. The GACP was established to also act as a guide in identifying any gaps in respect to corruption risks that the Group might be at risk of having.</p>

Notwithstanding the above, the GACP follows the T.R.U.S.T principles as promulgated by the Guidelines of Adequate Measures issued by the Prime Minister's Department which has also taken effect on 1 June 2020. In carrying out the plan, related activities had been carried out and continued to be carried out as well. The activities were tailored in accordance to the said principles to uphold integrity and good governance whilst combatting corruption at organisational level within the Group. The activities carried out were in the forms of awareness through training and communication, risk assessment, strengthening of controls and reporting.

In reference to the "Arahan YAB Perdana Menteri Siri 1 No. 1 Tahun 2018 – Gerakan Pemantapan Governans, Integriti dan Anti-Rasuah Dalam Pengurusan Pentadbiran Kerajaan Malaysia: Penubuhan Unit Integriti dan Governans Syarikat Berkaitan Kerajaan ("GLC"), Syarikat-Syarikat Yang Dimiliki Oleh Kementerian Dan Agensi Kerajaan Termasuk Di Bawah Kerajaan Negeri" ("Arahan"), MNRB as a GLC is required to establish an Integrity Unit ("GIU") to assist in strengthening its internal controls for the purpose of combatting corruption, abuse of power and fraud with the goal of cultivating the culture of healthy business undertakings free from corrupt practices with the aspiration of elevating the country's economic status.

In view of the above, MNRB embraced the said Arahan and country's aspiration to become a corruption free nation by establishing its own GIU in the form of Group Integrity and Governance Unit ("GIGU") prior to 1 June 2020 where the implementation of GACP is being carried out in tandem with the requirement of the National Anti-Corruption Plan 2019-2023 ("NACP") which was officially launched on 29 January 2019 by the Malaysian Prime Minister as well.

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors of a Financial Holding Company outlined as follows:

1. Compliance at all times with the Code of Ethics and the Board Charter.
2. Observe high standards of corporate governance at all times.
3. Adhere to the principles of integrity, objectivity, accountability, openness, honesty and leadership.
4. Act in good faith and in the best interest of the Company.

	<p>5. Not misuse information gained in the course of duties for personal gain or for political purpose, nor seek to use the opportunity of the service as Directors to promote their private interests or those of connected persons, firms, businesses or other organisations.</p> <p>6. Uphold accountability at all times. This includes ensuring that the Company's resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all times.</p> <p>7. Declaration of any personal, professional or business interests that may conflict with Directors' responsibilities. Guidance on declaration and registration of interests is given in the section entitled "Declaration of Interests".</p> <p>8. Follow the guidelines on acceptance of gifts and hospitality as stated in the section entitled "Guidelines on Acceptance of Gifts".</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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>MNRB is committed to carrying out its business in accordance with the highest standards of professionalism, honesty, integrity and ethics. Accordingly, it has established a Whistleblowing Policy with the following objectives: -</p> <ol style="list-style-type: none">1. To help develop a culture of accountability and integrity within the Company and the Group;2. To provide a safe and confidential avenue for all employees, external parties and other stakeholders to raise concerns about any misconduct;3. To reassure whistleblowers that they will be protected from detrimental action or unfair treatment for disclosing concerns in good faith; and4. To deter wrongdoing and promote standards of good corporate practices. <p>This Policy governs the disclosures, reporting and investigation of misconduct within the Company and the Group as well as the protection offered to the persons making those disclosures from detrimental action in accordance with the Whistleblower Protection Act, 2010.</p> <p>It is the Company's objective to encourage its employees and external parties to disclose any misconduct, and to fully investigate reports and disclosures of such misconduct, as well as to provide the whistleblower protection in terms of confidentiality of information, and to safeguard the whistleblower from any act of interference that may be detrimental to him. The Company assures whistleblowers that all reports will be treated with strict confidentiality and upon verification of genuine cases, prompt investigation will be carried out.</p>

	<p>The official avenues for disclosure by the whistleblower are via any of the following recipients: -</p> <ol style="list-style-type: none"> 1. The Chairman of MNRB; 2. The Chairman of the Audit Committee of MNRB; or 3. The President & GCEO. <p>The disclosure of misconduct or wrongdoing shall be made in writing via official email; disclosure@mnrb.com.my. The Policy and relevant form can be accessed at the Company's website www.mnrb.com.my.</p>	
<p>Explanation for departure :</p>		
	<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a nine (9) year policy for the tenure of Independent Non-Executive Directors, which is implemented to ensure the continuous effective functioning of the Board. Due to the nature of the Group's businesses that are considered specialised, the Board is of the view that the maximum of nine (9) years is reasonable considering there are significant advantages to be gained from long-serving Directors, who already possessed tremendous insight and knowledge of the Group's business affairs.</p> <p>Nonetheless, any reappointment of an Independent Non-Executive Director after he/she had served nine (9) years shall be subject to BNM's prior approval as well as the shareholders' approval at a general meeting.</p> <p>Currently, none of the Board members had served as Independent Directors for more than nine (9) years.</p> <p>With effect from October 1, 2019, three (3) new INEDs had been appointed.</p> <p>The new composition was mainly to ensure compliance to BNM's PD CG requirement that limits the number of common directors allowed on the Board of the Company and its subsidiary companies. At the same time, the Board also undertook review to further strengthen the composition of the Board of MNRB's subsidiary companies.</p> <p>As at the financial year ended 31 March 2021, the Board comprises six (6) members, all of whom are Non-Executive Directors, including the Chairman. Five (5) of these members are INEDs whilst the remaining Director i.e. the Chairman is an NINED. All the INEDs satisfy the independence test under the Bursa Malaysia Main Market Listing Requirements.</p>

	<p>Besides complying with existing rules and regulations on the Board's composition (including independence), the Board believes that such a size would promote effective deliberation, encourage the active participation of all its directors and allows the work of its various Board Committees to be discharged without giving rise to an over- extension of time and commitment of each Director who may be required to serve on multiple Board Committees.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 4.2

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	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
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	:	Adopted
Explanation on adoption of the practice	:	<p>MNRB's Board Charter clearly states that a Director may serve as an Independent Director of the Board for a period not exceeding nine (9) years (excluding the year of appointment) except under exceptional circumstances as approved by BNM. Additionally, pursuant to the BNM's PD CG, a financial institution must obtain the prior approval of BNM before the removal or resignation of an independent director takes effect.</p> <p>The tenure of all the five (5) INEDs does not exceed a cumulative term of nine (9) years as recommended by the MCCG 2017.</p>

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>The Board is committed to ensuring diversity and inclusiveness in its composition and deliberations and the MNRB Group embraces the proposition that having a diverse Board would have a positive, value- relevant impact on the MNRB Group. In this regard, the Board comprises members with relevant expertise and experience drawn from business, financial and technical fronts which strengthens leadership and management.</p> <p>The appointment of new Board members is considered and properly evaluated by the Nomination Committee. Upon completing this process, the Nomination Committee shall recommend the proposed appointment to the Board for its deliberation and approval. In making these recommendations, the Nomination Committee assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, as well as professionalism, integrity including financial integrity, competencies and other qualities, before recommending them to the Board for appointment. An engagement session is always held between members of the Nomination Committee and the candidate prior to tabling its recommendation to the Board.</p> <p>The Nomination Committee and the Board will devote sufficient time to review, deliberate and finalise the selection of Directors. In this aspect, the Company Secretary will ensure that all the necessary information is obtained and relevant legal and regulatory requirements are complied with. Here, the Board is also guided by the Fit and Proper Policy for Key Responsible Persons.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board takes cognisance of the recommendation to ensure that the majority of its Directors are Independent Directors as well as to have diversity in terms of gender and ethnicity in the Board. The Board has established a Policy on Gender Diversity and has embraced the recommendations of having at least 30% women representation on the Board.</p> <p>In advancing the gender diversity agenda, the Board currently has two (2) women members, representing 33.3% of the total Board Members. They provide the Board with gender diversity that serves to bring value to Board discussions from the different perspectives and approaches of the women Directors.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>Apart from recommendations made by Management and major shareholders, the Company also leverages on the Independent Directors' network to source for new candidates for Board appointments and is overseen by the Nomination Committee.</p> <p>This is the approach taken over the years for nomination of the Company's suitably qualified candidates as new directors.</p> <p>Nevertheless, the Company may also consider other independent sources such as the 30% Club and reputable recruitment agencies to source for candidates.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by an INED, Zaida Khalida Shaari. Her profile can be found in the Company's Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to 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 Committee carries out the Board Effectiveness Evaluation (“BEE”) exercise annually. On 30 November 2020, the Board through the Nomination Committee’s recommendation approved the appointment of Securities Services Sdn. Bhd (“Securities Services”) as the External Consultant to undertake the Board & Board Committees and each Individual Director of the Company.</p> <p>The annual Board effectiveness evaluation is an essential process to determine the effectiveness of the Board, its committees and each individual Director as it allows the Board as a whole to address issues on leadership, core competencies, skills, attributes, delegation of duties and responsibilities within the Board.</p> <p>The effectiveness of the Board is assessed in the areas of the Board’s Responsibilities and Conduct, Composition, Process and Administration as well as the effectiveness of Chairman and the President & GCEO.</p> <p>The effectiveness of the Board Committees is assessed in terms of structure and process, accountabilities and responsibilities as well as effectiveness of the Chairmen and the respective Board Committees.</p> <p>Whilst the assessment of individual Directors’ contribution and performance is conducted based on performance criteria which amongst others as follows:-</p> <ul style="list-style-type: none">i) Commitment to serve the Company, due diligence and integrity;ii) Will and ability to critically challenge and ask the right

- questions;
- iii) Contribution, Participation & Performance;
 - iv) Competency & Capability;
 - v) Independence & Objectivity;
 - vi) Board Dynamics; and
 - vii) Fit & Properness.

Besides the above, the feedback from the selected Key Senior Management was also sought via the 360 Degrees Assessments interviews. Management's feedback on the Board's role and the extent of collaboration between the Board and Management in certain areas are important for the Board to close the gaps in enhancing its overall effectiveness.

The BEE was carried out through questionnaires and one-to-one confidential interviews with board members and key senior management to obtain candid feedback, consolidated and assessed the responses from the questionnaires and insights gleaned.

The interview sessions allowed the facilitators from Securities Services to explore selected issues in an in-depth manner. Completed questionnaires were routed directly to Securities Services without any intermediation by the Management or Company Secretary.

Securities Services prepared a report on the performance of the Board, the Board Committees and individual Directors. The results of these assessments form the basis of the Nomination Committee's recommendations to the Board for the reappointment and re-election of Directors at the forthcoming AGM of the Company in 2021.

On a rating scale of 1 to 4 where 3 was 'Average' and 4 was 'Above Average', the overall rating of the Board based on the questionnaire forms completed by the Board members was 3.36.

The summary of the Board Effectiveness Evaluation 2020 from the BEE results was as follows:-

- Overall, the Board was a respectable Board comprising Board members who understand the importance of strategic direction and sustainable growth. Despite being a relatively new Board where a majority of its members are new to the Board, the Board functioned

well with a common vision towards building the Company to greater success.

- There was mutual trust and respect amongst Board members and between the Board and Senior Management. If the Board is to overcome its shortcomings and leverage its strengths, all Board members need to understand the technicalities of the Group's business and keep abreast of industry knowledge in order to add further value to Board discussions, especially on key strategic matters, and continue to have open and honest communication amongst one another and between the Board and Senior Management.

Based on the findings in the BEE, the Board noted on the following recommendations area suggested by Securities Services:-

(a) Board Mix & Composition:

- To keep abreast of the conduct, business activities and development of the Group.
- Senior Management to organise more frequent internal workshops or training sessions.
- To enhance competencies by participating in seminars, keeping abreast of legislative reform, understanding financial statements & investment products, strengthening professional network through industry conferences, symposiums and etc.

(b) Quality of information and decision making:

- To clearly communicate the Board's expectations to Senior Management on board meeting materials.
- To consider increasing frequency of operational/ management reports.
- To stagger transmission of operational updates to the Board.
- To develop a systematic format for board papers.

(c) Boardroom activities:

- More active engagements with Group Shariah Committee.
- To have more strategic plans with realistic targets.
- To consider more engagement sessions with experts in the industry.

	<ul style="list-style-type: none"> • To review responsibilities that can be re-delegated to Management. • To place adequate attention on succession planning. • To continue its effort of brand building and investor relations enhancement, monetise the relationship. <p>(d) <u>Strategy governance and monitoring role:</u></p> <ul style="list-style-type: none"> • To develop a working understanding of the industry and the Group's business. • Senior Management to organise more trainings, disseminate latest articles, publications, etc. to aid development of realistic organisational strategies. • To consider benchmarking as mechanism for further improvement. • To hold special meetings to discuss purely on strategy. <p>(e) <u>Board's relationship with Management:</u></p> <ul style="list-style-type: none"> • Increase interactions between Management and the Board. • Consider holding a Board Offsite Meeting with Management.
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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>The Remuneration Committee recommends to the Board the appropriate remuneration packages for the Directors and the Board Appointees in order to attract, motivate and retain talents.</p> <p>The Board has in place a Remuneration Policy to reward the Directors and the Board Appointees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, the Remuneration Committee takes into account comparable roles in similar organisations that may be of the same in size, market sector or business complexity.</p> <p>On 30 March 2021, the Board had approved the revision to the MNRB Group Non-Executive Directors' Remuneration Policy. The said Policy reflects the Company's commitment to attract and retain talented and well-qualified Directors. This is crucial in order to provide remuneration that would reasonably reflect the time commitment and risks and, to commensurate with the duties and responsibilities of the Directors.</p> <p>Besides the above, the said Policy also includes provisions relating to the treatment on remuneration for Executive Director and Officers of the Company who are appointed as the Company's nominee directors.</p> <p>The President & GCEO was paid in line with the Company's general remuneration policy for its Senior Management. His remuneration was structured so as to link rewards to corporate and individual performance. He was not paid any Directors' Fees and Meeting Attendance Allowances for the Board and Board</p>

	<p>Committee meetings that he attends.</p> <p>All Non-Executive Directors (“NEDs”) are paid Directors’ Fees, which are recommended by the Board and approved annually by the shareholders at the Annual General Meeting (“AGM”). At the 47th AGM, a resolution was sought to the shareholders in relation to payment method of Directors’ Fees.</p> <p>The Board was of the view that it is just and equitable for the NEDs to be paid such payment on a quarterly basis after they have discharged their responsibilities and rendered their services to the Company.</p> <p>The remuneration structure of NEDs of the Company is as follows:-</p> <ul style="list-style-type: none"> • Fees for duties as a Director and as a member of the various Board Committees as well as additional fees for undertaking responsibilities as Chairman of the Board and the various Board Committees. • Meeting Attendance Allowance for each meeting attended. <p>The remuneration policy for the Senior Management is in line with the business strategy, objectives, values and long-term goals and interests of the Company. On 30 March 2021, the Board through recommendation by the Remuneration Committee, approved the revision of Salary Scale and Salary Adjustment for Executives of MNRB Group. The revision is to enable the Company to attract, develop and retain high-performing and motivated staff including its Senior Management.</p> <p>Further details on the remuneration of the NED’s, Group Shariah Committee, President & GCEO and Board Appointees can be found in the Company’s Annual Report 2021.</p>
<p>Explanation for departure</p>	<p>:</p>

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

Measure	:		
Timeframe	:		

Intended Outcome

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 Board has established a Remuneration Committee comprising four (4) INEDs including its chairman.</p> <p>The composition of the Remuneration Committee, the profile of each member and details of meetings attended can be found in the Company's Annual Report 2021.</p> <p>The roles and responsibilities of the Remuneration Committee are set out in its Terms of Reference. The revised Terms of Reference is available at the Company's website at www.mnrb.com.my</p> <p>During the financial year 2020/2021, the Remuneration Committee had reviewed and deliberated the following matters:-</p> <ol style="list-style-type: none">1. Corporate Key Performance Indicator for the Financial Year Ended 31 March 2020 and proposed Bonus & Increment;2. Policy on Acting and Covering Allowance for staff of MNRB Group;3. Proposal to Extend the Utilisation Period from Financial Year Ended 2021 until Financial Year Ending 2022 and Carry Forward Leave Passage Budget for MNRB Group;4. Revision of Education Assistance Program;

	<ol style="list-style-type: none"> 5. Directors' Fees for the Financial Year Ended 31 March 2021 and proposed Basis for the Financial Year Ending 31 March 2022; 6. Amendments to the MNRB Group Non-Executive Directors' Remuneration Policy; 7. Review of Medical Benefits for the Board of Directors of MNRB Group; 8. Proposal to Revise Salary Scale and Conduct Salary Adjustment for Executives of MNRB Group; 9. Terms & Conditions for the Renewal Contract of Senior Vice President & Group Chief Internal Auditor; and 10. Corporate Key Performance Indicators and Linkages to Annual Increment & Bonus for the Financial Year Ending 31 March 2022.
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	:	The details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year ended 31 March 2021 are disclosed in the Company's Annual report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board is of the opinion that it is not to the Company's advantage or best business interest for such disclosure considering the highly competitive market for talents in the industry.
	:	The Board wishes to give assurance that the remuneration of the Senior Management commensurate with their individual performance, taking into consideration of the Group's performance and achievement of key performance indicators.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company will provide detailed disclosure of Senior Management's remuneration if such is made mandatory under Main Market Listing Requirements (MMLR).
Timeframe	:	Others

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Khalid Sufat, an Independent Non-Executive Director who is not the Chairman of the Company's Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	None of the members of the Audit Committee are former key audit partners.	
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>MNRB has in place a process to consider the appointment/reappointment of the External Auditor, which is in line with BNM's policy document BNM/RH/GL 018-4 <i>External Auditor</i>. The process requires the Audit Committee to assess the External Auditor's compliance with qualification criteria set out by BNM, which includes evaluating the independence, objectivity and performance of the auditor.</p> <p>It is the practice of the Audit Committee to meet up with the External Auditor to discuss its audit plan, audit findings and their views in respect of the true and fair view of the financial statements. At least two (2) of these meetings are held without the presence of the Management and Internal Audit staff. Such engagement with the External Auditor enables the Audit Committee to evaluate its suitability, objectivity and independence.</p> <p>In terms of provision of non-audit services, whilst the External Auditor is not precluded from consideration for the provision of advisory, consultancy or other types of non-audit services, due care is taken in the selection process in order to ensure that the appointment does not impede on the independence, quality and conduct of the statutory audit.</p> <p>Summary of Activities during the financial year:</p> <ol style="list-style-type: none">1. Reviewed and approved the External Auditor's audit planning memorandum;2. Met the External Auditor without the presence of the Management to discuss matters and key observations noted during the course of the annual audit;

3. Reviewed and recommended for Board's approval the audit fees and provision of non-audit services by the External Auditor in accordance with established procedures; evaluated whether such non-audit services would impair the External Auditor's independence and objectivity; and
4. Completed the annual assessment on the External Auditor prior to recommendation to the Board on its reappointment; the principal areas assessed were in accordance to BNM's policy document covering performance, independence and objectivity.

Accordingly, the assessment undertaken, amongst others, covered:-

- Level of knowledge, capabilities experience and quality of previous work;
- Level of engagement with the Audit Committee;
- Ability to provide constructive observations, implications and recommendations in areas which require improvements;
- Appropriateness of audit approach and the effectiveness of audit planning
- Ability to perform the audit work within the agreed duration given;
- Non-audit services rendered by the External Auditor so that it does not impede their independence; and
- Auditor demonstrates unbiased stance when interpreting the standards/policy adopted by the Company.

Being satisfied with Messrs. Ernst & Young' PLTs ("EY") performance during the financial year ended 31 March 2020 on their technical competency and audit independence as well as fulfilment of criteria as set out in BNM's policy document, the Audit Committee had on 19 May 2020 recommended the reappointment of EY as External Auditor for the financial year ended 31 March 2021.

The Board, at its meeting held on 21 May 2020, had approved the Audit Committee's recommendation for the reappointment of EY as External Auditor of the Company for the financial year ended 31 March 2021. The shareholders' resolution was sought under Ordinary Resolution 9.

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	:	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 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All members of the Audit Committee possess diverse skill sets and are financially literate and have necessary knowledge and/or experience to review financial and non-financial reporting processes and matters under the purview of the Audit Committee. The Chairman and members of Audit Committee have carried out their duties and responsibilities in accordance with the Terms of Reference of the Audit Committee.</p> <p>The Board reviews the terms of office of the Audit Committee members and assesses the performance of the Audit Committee and its members through an annual Audit Committee evaluation.</p> <p>The Audit Committee members attended various training programmes to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as well as other development programmes. The training programmes attended by the Audit Committee members during the year under review are set out in Practice 2.1 of this Corporate Governance Report.</p> <p>A summary of activities of the Audit Committee for the year under review are disclosed in the Audit Committee Report in the Company's Annual Report 2021.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board affirms its overall responsibility for the establishment and oversight of the Group’s risk management and internal control system, as well as the review of its adequacy and effectiveness.</p> <p>The Board also recognises that risk management is a continuous process, designed to manage risks impacting the Group’s business strategies and objectives, within the risk appetite and tolerance established by the Board. In pursuing these objectives, internal control systems can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud or losses.</p> <p>Further details on the state of the Group’s risk and Internal Controls can be found in the Statement on Risk Management and Internal Controls in the Company’s Annual Report 2021.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Board has disclosed the key features of its risk management and internal control system as well as its adequacy and effectiveness in the Statement on Risk Management and Internal Control in the Company’s Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management Committee of the Board ("RMCB") comprises four (4) Independent Non-Executive Directors.</p> <p>The composition of the RMCB, the profile of each member and details of meetings attended can be found in the Company's Annual Report 2021.</p> <p>The RMCB has clear written Terms of Reference and the Board receives reports of its proceedings and deliberations. The Chairman of the RMCB will report to the Board the outcome of its meetings and such reports are incorporated in the minutes of the Board meeting.</p> <p>The RMCB is responsible for:-</p> <ul style="list-style-type: none">• Reviewing and recommending risk management strategies, policies, risk appetite and tolerance limits for the Board's approval;• Reviewing and recommending compliance management strategies and policies for the Board's approval;• Reviewing the adequacy of the Group Enterprise Risk Management (Group ERM) Framework, Group Compliance Management Framework and other risk and compliance related frameworks, policies and systems and the extent to which these are operating effectively in supporting the Group's corporate objectives;• Ensuring sound internal governance and adequate infrastructure, resources and systems are in place for an effective risk management and compliance management and the staff responsible for implementing risk management and

	<p>compliance management systems perform those duties independently;</p> <ul style="list-style-type: none">• Providing oversight and stewardship by reviewing, deliberating on challenging and acknowledging the key risks and compliance matters identified and reported by the GMRCC.• Ensuring the Group/Company has the appropriate mechanisms in place to manage, communicate and report potential significant risks to the RMCB and/ or the Board;• Ensuring alignment of risk compliance activities with the relevant strategies and policies approved by the Board;• Ensuring risk management and compliance management are well-integrated and embedded into the culture and business operations of the Group / Company; and• Examining whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings.
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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 Internal Audit (“IA”) function is established by the Board to undertake independent review and assessment on the adequacy, efficiency and effectiveness of risk management framework, internal control and governance processes implemented by Management.</p> <p>The IA function of MNRB and its subsidiaries (via outsourcing arrangements) is undertaken by the Internal Audit Department (“IAD”) established at the holding company level and is headed by the Group Chief Internal Auditor (“GCIA”). The GCIA reports functionally to the Audit Committee and administratively to the President & GCEO and is independent from the activities or operations of other operating units in the Group. The IA function is guided by the Internal Audit Charter approved by the Audit Committee which defines the mission and objective, responsibility, accountability, authority, independence, objectivity and ethical standards of the IA function of the Group.</p> <p>The principal responsibility of Internal Audit is to undertake continuous testing and assessment on the effectiveness and efficiency of the risk management frameworks and the internal control systems in order to provide reasonable assurance that such frameworks and systems continue to operate efficiently and effectively.</p> <p>To ensure effective management and independence of the IA function, the Audit Committee is empowered by its Terms of Reference (“TOR”). The functions, duties and responsibilities of the Audit Committee are spelled out in the TOR, which is available on the Company’s website.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is assisted by Internal Audit Department (“IAD”) to discharge its duties and responsibilities. IAD personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>As at the financial year end, IAD had a total of twenty-two (22) auditors. Some of the IAD staff have professional qualifications such as the Association of Chartered Certified Accountants (ACCA), Certified Information Systems Auditor and are members of the Institute of Internal Auditors (“IIA”). With the exception of one (1) IAD staff who exercised the Company’s ESOS in 2004 and holds shares of the Company, the rest of the IAD staff are free from any relationship or conflict of interest. This does not result in the impairment of objectivity and independence of the internal audit function as a whole.</p> <p>The IAD’s duties are guided by prevailing internal policies and procedures and the Institute of IIA’s International Professional Practice Framework as well as professional standards set within the IIA’s Code of Ethics.</p> <p>Their primary responsibility is to provide assurance to the Audit Committee on the effectiveness of the governance, risk management and internal control process within the Company and its subsidiaries. Internal audit reports are issued to the Management of the operational units which contain audit findings, management responses and recommendations for improvement in areas with risk and internal control deficiencies.</p>

	<p>Haniza Filzah Hayani Abu Haniffa, the GCIA, is the person responsible for internal audit functions of MNRB Group. She is a Chartered Accountant (C.A.), an Associate member of the Institute of Chartered Secretaries and Administrators and a Chartered member of the Institute of the Internal Auditors.</p> <p>A summary of IAD's activities during 2020/2021 can be found in the Statement on Risk Management and Internal Controls in the Company's Annual Report 2021.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

There is 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>Several communication channels are used to promote effective communication between MNRB and its stakeholders.</p> <p>Annual Report</p> <p>MNRB's annual report provides comprehensive and up-to-date information about the MNRB Group, which includes among others, the Group corporate mission and philosophy, its leadership and management team, letter to stakeholders, corporate governance matters, information about the Group's business operations, sustainability report, the Group's financial performance, management discussion and analysis of the Group's financial performance, as well as the audited financial statements of the Group.</p> <p>An online version of current year annual report, together with an archive of past years' annual reports are made available for reference on the corporate website</p> <p>Announcement of Quarterly Group Financial Results and Regulatory Announcement</p> <p>MNRB makes announcements of its quarterly group financial results to Bursa Malaysia. In addition to the announcements of the quarterly financial results, the Company also makes available its Interim Reports and 5-Year Financial Highlights for reference on the corporate website.</p> <p>Press Release</p> <p>MNRB issues press releases periodically and regularly to communicate with its stakeholders on the MNRB's quarterly financial results, corporate development and business initiatives</p>

to keep the stakeholders informed of the progress and strategic development of its business.

General Meetings

The AGM and EGM represent the primary platforms for direct two-way interaction between the shareholders, Board and management of the Group. Shareholder's approval is required on all material issues including, but not limited to, major mergers, acquisitions and divestments exercises, dividend payments, increase of Directors' fees, election / re-election and appointment/reappointment of Directors as well as the appointment of auditors.

Besides the ordinary agenda items tabled at the AGM, the President & GCEO presents the progress and performance of the business as contained in the Annual Report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group.

Group Corporate Website

MNRB Group's corporate website provides easy access to the latest information about the Group. Information available on the corporate website includes MNRB's corporate profile, individual profiles of Directors and senior management, financial results, annual reports, Corporate Governance Report and relevant policies.

In addition, the corporate website has a dedicated Investor Relations section that provides relevant investor-related information and a section on Corporate Governance which consists of various materials including the Board Charter, Board Diversity Policy, Terms of References, Anti-Money Laundering / Counter Financing of Terrorism (AML/CFT) Group Policy Statement and Whistleblowing Policy and Procedure.

Investor Relations

As part of the initiatives in developing and implementing an investor relations programmes, regular briefings are held between the Group with analysts and investors.

Presentations based on permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive information about the Group is

	<p>however, not disclosed at these briefings until after the prescribed announcement to Bursa Securities has been made.</p> <p>Due to the COVID-19 pandemic and the various MCOs imposed starting from the first restriction enforced on 18 March 2020, the Analysts' Briefings were conducted through virtual platforms with analysts and fund managers after its quarterly financial results released to Bursa Securities. In view of the pandemic, the Company is inclined towards virtual engagements until the situation otherwise permits.</p> <p>MNRB also maintains a website, which shareholders and the public in general can access to gain information about the Group at www.mnrb.com.my.</p> <p>MNRB had also launched the MNRB Group LinkedIn page to improve its social media presence.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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	:	<p>MNRB has yet to fully adopt integrated reporting but has already integrated non-financial information into MNRB's Annual Report to facilitate shareholders and other stakeholders to better understand how the Company takes into account the connectivity and interdependency that have a material effect on MNRB's ability to create and sustain value over time.</p> <p>Nevertheless, the information disclosed in the annual report is in line with the fundamental elements which underpin integrated reporting and include the Company's strategy, governance, performance and prospects.</p> <p>The current reporting complies with the requirements of the Companies Act 2016, the applicable accounting standards and the Main Market Listing Requirements.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Will continue to keep abreast with the development of integrated reporting and take measures to incorporate more substantive elements in future reporting.
Timeframe	:	Others

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	:	<p>In 2020, the Company held its 47th virtual AGM on 24 September 2020 with the Notice and Agenda of the AGM delivered to the shareholders on 26 August 2020 (more than 28 days).</p> <p>The additional time given to shareholders allowed them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enabled the shareholders to consider the resolutions and made an informed decision in exercising their voting rights at the 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

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 Company regards its general meetings, particularly its AGMs, as the principal forum for direct interaction and dialogue among shareholders, the Board and management. AGMs provide an important avenue for effective communication with shareholders and for receiving constructive feedback particularly on matters concerning shareholders' interests.</p> <p>The 47th AGM was conducted fully virtual via live streaming and online remote voting using the RPV facilities from the broadcast venue at the Function Room, 3rd Floor, Bangunan Malaysian Re, No.17, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia.</p> <p>All the (6) Directors were among the senior management and essential individuals physically present at the broadcast venue in accordance with the Securities Commission's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers.</p> <p>The proceedings of the 47th AGM commenced with a presentation by the former President & GCEO on the Company's operations and financial performance for the preceding financial year, followed by the agenda items stated in the Notice of AGM.</p> <p>During the 47th AGM, the Chairman invited shareholders to participate and to raise any questions and seek clarifications on the proposals tabled using real time submissions of typed texts and vote remotely during the live streaming via the RPV facilities.</p> <p>The Chairman read and answered most of the questions raised by the shareholders during the 47th AGM whilst the unanswered questions were posted to the Company's website.</p> <p>The proceedings of the 47th AGM was recorded in summary key decisions and published on the Company's website within two (2) weeks from AGM.</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	<p>In view of the COVID-19 pandemic and with the safety of the Company's shareholders, employees and directors being of primary concern, the Company having considered all available options decided to conduct the 47th AGM virtually via RPEV facilities without physical attendance by shareholders. The RPEV facilities allow shareholders to view a live webcast of the meeting, ask questions and submit votes in real time.</p> <p>The Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll from any locations on all resolutions in accordance with Paragraph 8.29A of the MMLR of Bursa Securities.</p> <p>For shareholders who were unable to attend the meeting via RPEV facilities, they are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in their stead by lodging proxy form at the Share Registrar's office or electronically via the Boardroom Smart Investor Portal provided by the Share Registrar.</p> <p>Boardroom Share Registrar Sdn. Bhd. ("Boardroom") was appointed as the Registrar for the 47th AGM and the RPV facilities was made available via web.lumiagm.com. Boardroom was also appointed as the Poll Administrator to conduct the e-polling process and Commercial Quest Sdn. Bhd. was appointed the scrutineers to verify the poll results.</p> <p>After verification by the independent scrutineers, the Chairman announced the poll results to the meeting and declared that all the resolutions were carried.</p> <p>The poll results were also announced by the Company via BursaLINK on the same day for the benefit of all shareholders.</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	:	Others	.

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.

In line with the disclosure requirements per Bank Negara Malaysia (“BNM”) PD CG, MNRB Holdings Berhad (“MNRB” or “the Company”) discloses its corporate governance (“CG”) practices mainly in the Annual Report, Sustainability Report and on its corporate website www.mnrb.com.my.

In relation to corporate governance disclosures per Appendix 4 of the BNM Policy, composition of its Board of Directors including the name and designation of each director, key personal details and background, the chair and members of each board committee, roles and responsibilities of the board and the board committees, and movement of directorship in MNRB during the financial year, are disclosed by the Company in the **Annual Report 2021**. Information of the current membership of the Board, the individual directors’ background and the Board Charter (which contains the roles and responsibilities of the board and the board committees) are also shared with member of the public on the Company’s website.

The Company also discloses the main features of its internal control framework, any reviews and assessments conducted on the framework during the financial year and also all the current key policies and procedures of the framework in its **Annual Report 2021**.

In respect of the training and education provided to the Board, including induction for new director, and detailed trainings attended by the Company’s directors, such disclosures are made under **Practice 2.1 of this CG Report 2021**. Under the CG Overview Statement and respective board committee report in the **Annual Report 2021**, the number of meetings convened by the board and each board committee including the attendance of each director during the financial year are also disclosed for greater transparency.

In line with the disclosure requirements per PD CG, the President & GCEO, Board Appointees and the Senior Management team’s remuneration are disclosed in the **Annual Report 2021** of the Company.

