

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7234
COMPANY NAME : MESB Berhad
FINANCIAL YEAR : June 30, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of MESB Berhad ("the Company") is responsible for overall corporate governance, strategic direction, formulation of policies to oversee the business, performance and affairs of the Group, and charting the course of the Group's business operation whilst providing effective advice on Management's performance, risk assessment and controls over business operations.</p> <p>In discharging duties and roles effectively, the Board is guided by the Board Charter, which sets out the principles and guidelines that are to be applied by the Board.</p> <p>The Board has delegated day-to-day management of the Group business to the Executive Directors, Chief Executive Officer ("CEO") and Management. Further, to ensure effective discharge of its function and responsibilities, the Board has also delegated specific responsibilities to the following Board Committees within their respective Terms of Reference ("TOR"):-</p> <ul style="list-style-type: none">• Audit and Risk Management Committee ("ARMC"); and• Nomination and Remuneration Committee ("NRC"). <p>The ultimate responsibility for the final decision on all matters deliberated in these committees, however, lies with the Board. Besides that, the Chairman/Chairperson of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.</p> <p>The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. To discharge the Board's responsibilities, the Board has assumed the following principal roles and responsibilities:-</p>

	<ul style="list-style-type: none"> • Overseeing and evaluating the conduct, governance and sustainability of the businesses of the Group. • Reviewing and adopting the overall strategic direction, business plans, annual budgets of the Group, including major capital commitments. • Establishing key performance indicators and ensuring that senior management has the necessary skills and experience for the orderly succession of the Board and senior management. • Reviewing and approving of new ventures, major acquisitions and disposal of undertakings and properties. • Identifying principal risks and ensuring the implementation of appropriate systems to manage and monitor significant financial and non-financial risks. • Reviewing the adequacy and integrity of the Group’s internal control systems, risk management and management information systems. • Overseeing the development and implementation of the shareholder communications policy for the Company. <p>The Board shall meet at least four (4) times a year. When the need arises, special board meetings will be convened. The Board Committees also meet regularly to discharge their duties.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is chaired by Mr. Chua Jin Kau, an Executive Chairman.</p> <p>The Chairman is responsible for providing leadership to the Board, controlling the orderly and effective functioning of the Board, ensuring the integrity and effectiveness of the governance processes of the Board and consulting the Board promptly over any matter that is pertinent to the Company and of concern to the Company.</p> <p>The Chairman's key roles and responsibilities include:-</p> <ol style="list-style-type: none">i. To provide leadership to the Board.ii. To oversee the effective discharge of the Board's supervisory role.iii. To facilitate the effective contribution of all Directors.iv. To ensure that quality information to facilitate decision-making is delivered to the Board in a timely manner.v. To ensure Board Meetings and General Meetings comply with good conduct and best practices.vi. To ensure adequate time is allocated during Board Meetings for discussion of issues tabled to the Board for deliberation.vii. To promote constructive and respectful relations among Board members and between the Board and the Management.viii. To conduct and chair Board Meetings and General Meetings of the Company.ix. To brief all the Directors in relation to issues arising at Meetings.x. Together with the CEO, represents the Company and/or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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 positions of Chairman and CEO are held by different individuals. The Chairman and the CEO are not related to each other.</p> <p>The roles and responsibilities of the Chairman, Mr. Chua Jin Kau are distinguished from that of the CEO, Mr. Loke Lee Ping, which are clearly set out in the Board Charter and is made available on the corporate website at www.mesbbhd.com.</p> <p>The Chairman of the Board is responsible for the leadership, effectiveness and conduct of the Board.</p> <p>The CEO, assisted by the Executive Directors and Management, has overall responsibility over the business units and day-to-day management of the Group's business, organisational effectiveness and implementation of Board policies, strategies and decisions. The CEO is responsible for the due execution of strategic goals, effective operation within the Group, and to explain, clarify and inform the Board on matters pertaining to the Group.</p> <p>The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making.</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

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	The Chairman of the Board, Mr. Chua Jin Kau is not a member of the ARMC and NRC.
	Mr. Chua Jin Kau was invited to the ARMC and NRC Meetings to provide inputs for matters discussed during the meetings. However, he did not participate in the decision-making of the proposals and matters tabled for approval during the ARMC and NRC Meetings.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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 qualified and competent Company Secretary who is holding a professional certificate as a qualified Company Secretary under the Companies Act 2016 (“Act”).</p> <p>The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.</p> <p>The Company Secretary plays an important role in facilitating the overall compliance with the Act, Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), Malaysian Code on Corporate Governance (“MCCG”) and other relevant laws and regulations. The Company Secretary also assists the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensure adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretary has been continuously attending the necessary training programmes so as to keep herself abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to her profession and enable her to provide the necessary advisory role to the Board.</p> <p>The Board has direct access to the professional advice and services of the Company Secretary when performing their duties and discharging their responsibilities.</p> <p>During the financial year under review, all Board and Board Committees meetings were properly convened and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.</p> <p>Overall, the Board is satisfied with the service and support rendered by the Company Secretary to the Board in the discharge of her functions.</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 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, an annual meeting calendar was prepared in advance each year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>Prior to each Board and Board Committees meeting, all Directors receive an agenda and a full set of meeting papers for the agenda items to be discussed before the Board and Board Committees meeting and are given full access to senior management to clarify any matters arising. In most instances, the senior management is invited to attend the Board meetings to provide insight and to furnish clarification on issues that may be raised by the Board.</p> <p>The notice of meetings of the Board and Board Committees were sent to the Directors via email at least five (5) business days prior to the meetings. Meeting materials were also circulated to Directors in advance prior to the Board and Board Committee meetings to ensure that they have been given sufficient time to prepare for the meetings.</p> <p>In the intervals between scheduled Board and Board Committees meetings, for exceptional matters requiring urgent Board decisions, Board and Board Committees decisions are obtained via additional ad-hoc meetings convened or Directors' written resolutions which are supported with board papers, providing information necessary for the Board and Board Committees' deliberation to ensure the Directors are able to make informed decisions. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.</p> <p>The deliberations and conclusions of matters discussed at the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Board Committee Chairman/Chairperson's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.</p>

	<p>All the records of proceedings and resolutions passed are kept at the registered office of the Company.</p> <p>All Directors have full and unrestricted access to a timely information about the Group. In addition, the Directors are also empowered to seek independent external professional advice at the expense of the Company, should they consider it necessary in the course of their duties.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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 Charter serves as a source reference to the Board for matters relating to the Board's organisation. It also provides guidance to the Board members in the performance of their duties, roles and responsibilities as Directors of the Company. It will also assist the Board in the assessment of its own performance and of its individual Directors.</p> <p>Under the Board Charter, the Board has set out those matters that the Board has reserved to itself for decision making. The Charter also includes the respective functions, duties and responsibilities, composition and structure of the Board and Board processes.</p> <p>The Board Charter was adopted by the Board to facilitate the effective discharge of its duties and responsibilities. The Board Charter sets out the responsibilities reserved to the Board and the functions delegated to Management, including the role, composition and other key processes of the Board.</p> <p>The Board Charter was last reviewed, updated and approved on 22 September 2021 and available on the Company's website at www.mesbbhd.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Board has formalised ethical standards through the Code of Conduct for Directors and employees ("Code of Conduct") in discharging its oversight role effectively.</p> <p>The Code of Conduct has clearly stated the values and inspiring principles behind the achievement of its business objectives, which are of fundamental importance for the correct operation of its businesses.</p> <p>The Code of Conduct is available on the Company's website at www.mesbbhd.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of the Group's businesses and operations.</p> <p>The Board formalised the Whistleblowing Policy. This is to provide an avenue for all employees and stakeholders to raise genuine concerns about unethical behaviour, malpractice, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.</p> <p>The Board will review and update the Whistleblowing Policy as and when necessary to ensure that it remains relevant to the Group's changing business circumstances and/or comply with the applicable laws and regulations.</p> <p>The Whistleblowing Policy is available on the Company's website at www.mesbbhd.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of incorporating sustainability considerations into the Company's business and corporate activities, and how sustainability is essential to successful business strategies that could deliver sustainable value to all stakeholders and ultimately boosts the business performance of the Company.</p> <p>The Board, together with the Management takes responsibility for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities and targets. Performance against these clearly set out targets is communicated to the Company's internal and external stakeholders.</p> <p>As part of the efforts in promoting and building sustainability momentum within the Group, the Group had undertaken the following measures:-</p> <ul style="list-style-type: none">a) Environmental – ensure the operations are environmentally responsible and that adequate steps are taken to protect and effectively manage risks that may adversely impact the surrounding environment.b) Economic – committed in maintaining the highest standard of integrity and corporate governance in order to maintain excellence across the businesses.c) Social – be a responsible corporate citizen by constantly re-assessing the Group's activities and business model to ensure a positive impact at the workplace and in the community.
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is cognisant of the fact that the Company’s internal and external stakeholders should receive an unfiltered and complete view of the Company’s sustainability strategies, priorities, targets and overall performance. This information should be comprehensive and include information on which stakeholders would be able to assess the Company’s sustainability risks and opportunities.</p> <p>The Company has engaged with stakeholders in a variety of ways which had been done at both the business units and group levels through formal and informal activities. The collective opinions and insights from the stakeholders help the Board make an informed decision while aligning the stakeholders’ expectations with the Company’s sustainability priorities and business approach.</p> <p>Details pertaining to the stakeholders’ engagement are available in the Sustainability Statement in the Annual Report 2024.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the NRC assessed the training programmes attended by each Director during the financial period to ensure that they stay abreast with the latest developments in the industry as well as the sustainability issues relevant to the Group, including factors that are driving climate change, sustainable finance and achieving a sustainable business model.</p> <p>The key training programmes attended by each Director during the financial year ended 30 June 2024 (“FYE 2024”) were set out in the Corporate Governance Overview Statement of Annual Report 2024.</p> <p>The Company Secretary regularly updates the Board on the changes of the MMLR and/or other regulatory requirements upon receiving the circulars from Bursa Securities and/or other regulators, which are relevant to the Company and provides advice on corporate disclosures and compliances issues.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board and the senior management have performed their respective roles in addressing material sustainability risks and opportunities.</p> <p>The performance evaluation of the Board in addressing the Group’s strategic and business plans which promote sustainability materials matters was evaluated through the annual Board’s effectiveness evaluation for the FYE 2024.</p> <p>Whereas for the senior management team, it is part of their key performance indicators which are reviewed annually.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC oversees the overall composition of the Board in terms of size, a mix of skills, experience and core competencies, as well as the balance between Executive Directors and Independent Non-Executive Directors.</p> <p>The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees will be assessed on an annual basis.</p> <p>The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the MCCG. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a General Meeting.</p> <p>The annual re-election of retiring Directors has been contingent on a satisfactory evaluation of the retiring Directors' performance and contribution to the Board.</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 5.2

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	:	The Board currently has nine (9) members as set out in the table below:- <table border="1"><thead><tr><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>Chua Jin Kau</td><td>Executive Chairman</td></tr><tr><td>Loke Lee Ping</td><td>Executive Director / CEO</td></tr><tr><td>Lee Kok Heng</td><td>Independent Non-Executive Director</td></tr><tr><td>Datuk Wong Sak Kuan</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>Dato' Lee Ban Seng</td><td>Independent Non-Executive Director</td></tr><tr><td>Wong Yu Perng</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>Chen, JianHua</td><td>Independent Non-Executive Director</td></tr><tr><td>Low Koon Min</td><td>Independent Non-Executive Director</td></tr><tr><td>Dr. Norhanim Binti Mat Sari (<i>Appointed on 1 March 2024</i>)</td><td>Independent Non-Executive Director</td></tr></tbody></table>	Name	Designation	Chua Jin Kau	Executive Chairman	Loke Lee Ping	Executive Director / CEO	Lee Kok Heng	Independent Non-Executive Director	Datuk Wong Sak Kuan	Non-Independent Non-Executive Director	Dato' Lee Ban Seng	Independent Non-Executive Director	Wong Yu Perng	Non-Independent Non-Executive Director	Chen, JianHua	Independent Non-Executive Director	Low Koon Min	Independent Non-Executive Director	Dr. Norhanim Binti Mat Sari (<i>Appointed on 1 March 2024</i>)	Independent Non-Executive Director
	Name	Designation																				
Chua Jin Kau	Executive Chairman																					
Loke Lee Ping	Executive Director / CEO																					
Lee Kok Heng	Independent Non-Executive Director																					
Datuk Wong Sak Kuan	Non-Independent Non-Executive Director																					
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Low Koon Min	Independent Non-Executive Director																					
Dr. Norhanim Binti Mat Sari (<i>Appointed on 1 March 2024</i>)	Independent Non-Executive Director																					
		<p>The current Board composition is in line with Practice 5.2 of the MCGG to have at least half of the Board comprise Independent Non-Executive Directors and complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors.</p> <p>The Independent Non-Executive Directors are persons of high calibre and integrity, provide an independent judgment on the issues of strategy, performance and resource allocation proposed by the management. They carry sufficient weight in Board decisions to ensure long-term interest of the shareholders, employees, customers and other stakeholders.</p>																				
Explanation for departure	:																					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																						
Measure	:																					

Timeframe	:		
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Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by the tenure of service. The extended service should not affect their independence, as they are still able to provide independent judgment, experience and objectivity without being subordinated to operational considerations.</p> <p>Mr. Lee Kok Heng, an Independent Non-Executive Director of the Company who was appointed on 21 November 2015, would have served the Board for more than nine (9) years as at the date of the Company's forthcoming Twenty-Ninth Annual General Meeting ("29th AGM") to be held on 9 December 2024.</p> <p>The Board and NRC (save for Mr. Lee Kok Heng who has declared his interest and abstained from deliberation and voting) have provided justifications and recommended him to continue to act as Independent Non-Executive Director of the Company for the shareholders' approval at the 29th AGM.</p> <p>The Board, through the NRC, will continue to undertake relevant assessments on all independent directors for their independence and tenure of services, and recommend for retention of such independent directors of the Company if they are qualified and able to discharge their duties and responsibilities, independently and objectively, notwithstanding their tenure on the Board.</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 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximise the effectiveness of the Board.</p> <p>In any appointment, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge have been considered to maintain a diversified Board and Senior Management team, which will help to grow and contribute to better governance within the Group.</p> <p>The NRC is responsible to lead the process for the nomination of new candidates for appointment and making the necessary recommendations to the Board. In this respect, the role of the NRC is detailed in its TOR, which is accessible on the Company's corporate website, www.mesbbhd.com.</p> <p>The Board had adopted the Directors' Fit and Proper Policy ("Policy") to ensure a transparent and rigorous process for the appointment and re-election of directors of the Group. This Policy is accessible on the Company's corporate website, www.mesbbhd.com.</p> <p>In making its recommendations to the Board, the NRC considers and assesses the suitability of a new appointment based on objective criteria, including:-</p> <ul style="list-style-type: none">• Character and integrity• Experience and competence• Time and commitment
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 5.6

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The primary responsibility of screening, evaluating and nominating new Board member(s) for appointment is delegated to the NRC.</p> <p>The members of the Board are to be appointed in a formal and transparent practice as endorsed by the MCCG. The NRC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.</p> <p>In searching for suitable candidates, the NRC may receive suggestions from existing board members, management and/or major shareholders.</p> <p>The Board will consider referrals from external sources to identify suitably qualified candidates when the need arises in the future and will not solely rely on recommendations from existing Board members, Management and/or major shareholders.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The performance of retiring Directors recommended for re-election at the 28th AGM had been assessed through the NRC annual evaluation (including the independence of the Independent Non-Executive Directors) and recommended to the Board for approval.</p> <p>The profiles of the Directors who were due for retirement and offered themselves for re-election, which included the nature of interest with the Company, whichever applicable, were set out in the Annual Report 2024 of the Company.</p> <p>Whilst for the retiring Directors for the forthcoming 29th AGM, a statement by the Board and NRC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the forthcoming 29th AGM was stated in the notes accompanying the Notice of 29th 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

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC is chaired by Mr. Lee Kok Heng, an Independent Non-Executive Director of the Company. The details/profile of the NRC Chairman is disclosed in the Annual Report 2024.	
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 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness of the Board.	
		<p>Women's representation on the Board and in senior management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives.</p> <p>The Group has more than 30% women representation in senior positions within the Group.</p> <p>The Board will take into consideration of more female Directors within the Board as a long-term goal to which incremental steps shall be taken to ensure it is adopted within the reasonable timeframe stipulated.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board and senior management levels. The Gender Diversity Policy is available on the Company's website at www.mesbbhd.com.</p> <p>The Company acknowledges the importance to promote gender diversity at the Board and senior management level and will actively work towards having more female Directors and senior management. However, to avoid any mismatch and ineffective appointment of the female Directors and senior management, the Company does not set any specific target for female Directors and senior management in this Policy.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>					
Application	: Applied				
Explanation on application of the practice	: <p>The Board has in place a formal process for assessment of the effectiveness of the Board and the Board Committees as a whole and the contribution by each Director, including the independence of Independent Non-Executive Director to the effectiveness of the Board and Board Committees, making reference to the guides available and the good corporate governance compliance.</p> <p>The annual assessment criteria of the Board and Board Committees and individual Directors were last reviewed and updated on 10 September 2021 to stay aligned with the best practices recommended under the MCCG. The areas covered in the aforesaid annual assessment criteria are as follows:-</p> <table border="1"> <thead> <tr> <th>Evaluation</th> <th>Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td>Board and Board committees as a whole</td> <td> <ul style="list-style-type: none"> • Role of the Chairman and Managing Director/Executive Director • Board Balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board's Committees • Access to information & advice • Accountability for financial reporting, internal control and sustainability risk and opportunities • Relation with Auditors / Shareholders / Investors • Use of Board Committees • Director's training </td> </tr> </tbody> </table>	Evaluation	Assessment Criteria	Board and Board committees as a whole	<ul style="list-style-type: none"> • Role of the Chairman and Managing Director/Executive Director • Board Balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board's Committees • Access to information & advice • Accountability for financial reporting, internal control and sustainability risk and opportunities • Relation with Auditors / Shareholders / Investors • Use of Board Committees • Director's training
Evaluation	Assessment Criteria				
Board and Board committees as a whole	<ul style="list-style-type: none"> • Role of the Chairman and Managing Director/Executive Director • Board Balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board's Committees • Access to information & advice • Accountability for financial reporting, internal control and sustainability risk and opportunities • Relation with Auditors / Shareholders / Investors • Use of Board Committees • Director's training 				

ARMC	<ul style="list-style-type: none"> • Composition and quality • Oversight of the financial reporting process, including internal controls • Understanding the business, including risk and control environment • Access to information & advice • Oversight of audit functions • Compliance with corporate governance • External Auditors • Staying abreast on issues • Report and recommendations
Executive Directors	<ul style="list-style-type: none"> • Financial • Strategic and sustainability • Conformance & compliance • Business Acumen/Increasing Shareholders' Wealth • Succession planning • Personal input to the role
Executive Chairman	<ul style="list-style-type: none"> • Attendance at Board and Board Committees' meetings • Key responsibilities of the Chairman • Regular contribution to Board/Board Committee meetings • Personal input to the role
Non-Executive Directors	<ul style="list-style-type: none"> • Attendance at Board and Board Committees' meetings • Adequate preparation for Board and/or Board Committees' meetings/Key responsibilities of the Chairman • Regular contribution to Board/Board Committee meetings • Personal input to the role
<p>In respect of the annual performance evaluation for the FYE 2024, it was concluded that:-</p> <p>(a) the Board and Board Committees discharged their duties and responsibilities effectively; and</p> <p>(b) each Director continued to perform effectively and demonstrated commitment to his/her role.</p> <p>The Board is satisfied with the current evaluation process. The Board will continue to review the Board's evaluation process as and when necessary to ensure it remains a valuable feedback mechanism for improving the Board's effectiveness.</p>	

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

Intended Outcome

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

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company’s website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Remuneration Policy and Procedures for Directors and Senior Management (“Remuneration Policy”) which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Group. The overall objective of the Remuneration Policy is to align and balance the interests of the Company’s Board of Directors, the senior management, the Group and its shareholders, and to attract, motivate and retain qualified members of the Board of Directors and Management in order to support the achievement of strategic long-term and short-term goals of the Group as well as to promote value creation for the benefit of the shareholders.</p> <p>The Remuneration Policy is available on the Company’s website at www.mesbbhd.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, assisted by the NRC, implements the policy and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company and Senior Management. The NRC seeks to ensure that the remuneration packages are commensurate with the expected responsibility and contribution by the Directors/senior management and link to the strategic objectives of the Company.</p> <p>The NRC consists of the following members: -</p> <ul style="list-style-type: none">• Lee Kok Heng, Chairman• Datuk Wong Sak Kuan, member• Low Koon Min, member <p>The TOR of the NRC was revised on 22 September 2021 which incorporated the relevant practices recommended under the MCCG 2021 and is accessible on the Company's website at www.mesbbhd.com.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure on a named basis for the remuneration of individual Directors for the FYE 2024 is set out below and also in the Corporate Governance Overview Statement of the Annual Report 2024.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Chua Jin Kau	Executive Director	16.8	3.8	-	-	-	-	20.6	16.8	3.8	60.0	5.0	-	3.34	88.94
2	Loke Lee Ping	Executive Director	16.8	3.8	-	-	-	-	20.6	16.8	3.8	252.0	21.0	11.1	201.92	506.62
3	Datuk Wong Sak Kuan	Non-Executive Non-Independent Director	31.2	6.8	-	-	-	-	38.0	31.2	6.8	192.0	16.0	-	30.33	276.33
4	Lee Kok Heng	Independent Director	31.2	6.8	-	-	-	-	38.0	31.2	6.8	-	-	-	-	38.0
5	Dato' Lee Ban Seng	Independent Director	31.2	3.0	-	-	-	-	34.2	31.2	3.0	-	-	-	-	34.2
6	Wong Yu Perng	Non-Executive Non-Independent Director	31.2	4.6	-	-	-	-	35.8	31.2	4.6	-	-	-	-	35.8
7	Chen, JianHua	Independent Director	31.2	4.6	-	-	-	-	35.8	31.2	4.6	-	-	-	-	35.8
8	Low Koon Min	Independent Director	31.2	6.8	-	-	-	-	38.0	31.2	6.8	-	-	-	-	38.0
9	Dr. Norhanim Binti Mat Sari (Appointed on 1 March 2024)	Independent Director	10.4	1.6	-	-	-	-	12.0	10.4	1.6	-	-	-	-	12.0
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Due to the confidentiality and sensitivity of the remuneration packages of senior management as well as security concerns, the Board opts not to disclose the senior management's remuneration components on a named basis in the bands of RM50,000.00.	
		The Board is of the view that the disclosure of the senior management's remuneration components will not be in the best interest of the Company given that the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.	
		As an alternative, the Board is of the view that the disclosure of top senior management's aggregated remuneration on an unnamed basis in the bands of RM50,000 in the Company's Annual Report 2024 is adequate.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit 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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The ARMC is chaired by an Independent Non-Executive Director, Ms. Low Koon Min, who is not the Chairman of the Board.</p> <p>The Chairperson of the ARMC of the Company is neither the Chairman of the Board nor other Board Committee’s Chairman as the Board acknowledges that the ARMC being an independent, objective body, it should function as the Company’s independent watchdog to ensure the integrity of financial controls, combined assurance and effective financial risk management.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The TOR of the ARMC requires a former partner of the external audit firm of the Company to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.</p> <p>No former key audit partners of the present auditors have been appointed to the Board.</p> <p>The TOR of the ARMC was published on the Company’s website at www.mesbbhd.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the External Auditors Assessment Policy ("EA Assessment Policy") together with an annual assessment form. The EA Assessment Policy is to outline the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors.</p> <p>The annual evaluation form provides a checklist for the ARMC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors of the Company that consider, among others, the following criteria:-</p> <ul style="list-style-type: none">(a) Calibre of the audit firm;(b) Quality of the audit engagement team;(c) Quality of communication and interaction with the audit team;(d) Audit scope and quality processes;(e) Audit governance and independence; and(f) Audit fee. <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The ARMC shall obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - 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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit 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 ARMC have the necessary skills to discharge their duties and are able to understand matters under the purview of the ARMC. The profiles of the ARMC members are provided in the Annual Report 2024.</p> <p>All the ARMC members had kept themselves abreast of relevant development in accounting and auditing standards, practices ad rules.</p> <p>The ARMC assists the Board to review the integrity of the Group's financial statements. The ARMC further reviews the adequacy and effectiveness of the system of internal controls. The ARMC was mindful of the introduction of the new financial reporting standards, which was briefed by the External Auditors during the financial year under review.</p> <p>The details of the training attended by the ARMC members for the FYE 2024 are disclosed in the Annual Report 2024.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has overall responsibility for maintaining a system of internal control and risk management that enables the Group to make informed decisions with reasonable assurance of achieving effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.</p> <p>The Board has delegated to the ARMC the responsibility to review the risk management and internal control system of the Group for ensuring that risks are identified and monitored. The ARMC has in turn required Management to design and implement a risk management and internal control system to manage the Group's material business risks on an ongoing basis, and Management shall confirm to the Board on the effectiveness of these systems.</p> <p>With the assistance of Internal Auditors, the ARMC has established a risk management policy approved by the Board. The Policy sets out the governance structure for managing risks, risk appetite and tolerance levels, risk management approach as well as risk factors.</p> <p>The Statement on Risk Management and Internal Control set out in the Annual Report 2024 provides an overview of the internal control within the Group for the financial period under review.</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	:		
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Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of sound risk management and internal control practices for good corporate governance. The Board affirms its responsibility for ensuring the Group's system is able to adequately and effectively manage significant risks. The Group has in place an ongoing process for identifying, evaluating and managing significant risks through a framework that includes a reporting structure. The Group's system of internal control is designed to manage and control risks appropriately, rather than eliminate the risk of failure to achieve business objectives. Due to the inherent limitations in all control systems, these control systems can only provide reasonable and not absolute assurance.</p> <p>The features of the risk management and internal control framework of the Group and its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control as contained in the Company's Annual Report 2024.</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 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management Committee has been merged with the Audit Committee as a single committee and known as the Audit and Risk Management Committee with effect from 15 July 2022, which aims to improve the efficiency and effectiveness of its members in discharging their duties.</p> <p>The ARMC has three (3) members, which comprise a majority of Independent Directors and is currently chaired by an Independent Director, Ms. Low Koon Min.</p>

Intended Outcome

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

Practice 11.1

The Audit 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 ARMC recognises that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness and adequacy of the Group's internal control system.</p> <p>Accordingly, the Company's internal audit function has been outsourced to an independent professional firm, Smart Business Consulting ("Smart Business") to assist the ARMC in discharging its duties and responsibilities in respect of reviewing and assessing the adequacy and effectiveness of the Group's risk management and internal control systems. The Internal Auditors report directly to the ARMC, which in turn reports to the Board.</p> <p>In performing their duties, the Internal Auditors have free and unfettered access to information and to meet with any of the department heads or persons in charge.</p> <p>The internal audit function of the Group is effective and remains independent all the time. The internal audit function is set out in the Statement of Risk Management and Internal Control and Audit Committee Report and is disclosed in the Annual Report 2024.</p> <p>The Internal Auditors carried out the internal audit function based on the internal audit plan approved by the ARMC. The audit findings together with management's response and proposed action plans have been reviewed by ARMC at its scheduled meetings. In addition, follow-up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.</p> <p>The Internal Auditors communicate regularly and report directly to the ARMC on their activities based on the approved Annual Internal Audit Plan to ensure their independent status within the Group.</p> <p>The Internal Auditors are also invited to attend the meetings of the ARMC and Board, whenever required.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company outsourced the internal audit function to Smart Business and their engagement team is headed by the Assurance Division Director, namely Mr. Lee Fook Sun. He is a Professional Member of the Institute of Internal Auditors Malaysia. He has extensive experience and exposure in the field of Internal Audit. He was assisted by a team of internal auditors for all the assignments during the year under review. The Internal Auditors are free from any relationship or conflicts of interest which could impair the objectivity and independence of the Internal Audit during the financial review period.</p> <p>Internal Audit (“IA”) Function provides an independent assessment of the effectiveness and efficiency of internal controls utilising a global audit methodology and tool. IA adopts the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors, the definition of Internal Auditing, Code of Ethics, Practices and Framework in order to ensure standardisation and consistency in providing assurance services.</p> <p>The information on internal audit functions is disclosed in the Annual Report 2024.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges that continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensures prompt and timely dissemination of information to the shareholders and the investors, for them to make informed investment decisions.</p> <p>The supply of clear, comprehensive and timely information to the stakeholders via various disclosures and announcements including quarterly and annual financial results provides stakeholders and investors with up-to-date financial information of the Group. All these announcements and other information such as Corporate Governance, Policies, Charter, Terms of References, a summary of key matters discussed at the AGM as well as other corporate information are made available on the Company's website which is accessible to the shareholders, investors and the public.</p> <p>The AGM is the principal forum for dialogue with shareholders. AGM provides an opportunity for shareholders to ask questions on resolutions being proposed and raise concerns, enquiries and comments on the Company's operations and prospects.</p> <p>Shareholders are encouraged to ask questions both about the resolutions being proposed and the Company's operations in general. The Chairman and all other members of the Board, the Management team and Auditors are available to respond to shareholders' questions during the meeting.</p> <p>The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the planned AGM.</p>

	To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, mesb@mesbbhd.com to which stakeholders can direct their queries or concerns.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

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

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

Practice 12.2

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

Application	:	Not applicable – Not a Large Company	
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

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Notice of the 28th AGM was issued by the Company on 31 October 2023, effectively giving shareholders at least twenty-eight (28) days prior to the date of the meeting to give sufficient time to shareholders to review the Annual Report and consider the resolutions for any questions they might wish to raise in the AGM.</p> <p>The notice of the coming 29th AGM of the Company will be sent to the shareholders at least twenty-eight (28) days before the date of the AGM this year as well.</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 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>To leverage technology in conducting general meetings, the Company has conducted its 28th AGM by way of a virtual meeting through live streaming and electronic voting using the online platform.</p> <p>All Directors attended the fully virtual 28th AGM to provide a response to questions posed by the shareholders. The Key Senior Management of the Company and External Auditors also attended the fully virtual AGM and prepared to answer shareholders' enquiries, where relevant.</p> <p>During the proceedings of the 28th AGM, the Chairman ensured that shareholders were given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. All questions raised by the shareholders were answered and addressed to accordingly.</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 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company held its 28th AGM last year on a fully virtual basis and entirely via remote participation and electronic voting.</p> <p><u>Remote shareholders’ participation in General Meetings</u> Shareholders can attend, participate, speak (including posing questions to the Company/Board of Directors) and vote remotely at the AGM without being physically present at the meeting venue. Shareholders may also appoint proxies to participate on his/her behalf by submitting the duly executed proxy form to the Company’s share registrar in hard copy or by electronic means.</p> <p><u>Voting in absentia</u> For shareholders who are unable to attend the meetings remotely, they may exercise their voting rights by appointing the Chairman of the meeting as his/her proxy with a pre-determined proxy form.</p> <p>Shareholders will be allowed to cast their vote via an online platform from the time of the meeting until a time when the Chairman of the meeting announces the completion of the voting session.</p> <p>The forthcoming 29th AGM scheduled to be held on 9 December 2024 will also be held on a fully virtual basis and entirely via remote participation and electronic voting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman ensures that the General Meetings cater to an important opportunity for effective communication with, and constructive feedback from the shareholders.</p> <p>Shareholders were encouraged to submit their questions before the 28th AGM or pose the questions using the query box facility during the 28th AGM. In addition, upon commencement of the 28th AGM, the Chairman advised the shareholders that they were allowed and encouraged to submit their questions or queries in the query box throughout the 28th AGM.</p> <p>The Company facilitated and encouraged shareholder participation at its 28th AGM. These meetings provide an update for shareholders on the Company's performance and offer an opportunity for shareholders to raise questions and vote. The Executive Director/CEO read out and answered the relevant questions received.</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 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Board engaged the Poll Administrator, Dvote Services Sdn. Bhd. (“Dvote”) for Registration and Electronic Poling Services for the 28th AGM held on 6 December 2023.</p> <p>The detailed procedures to participate in the meeting remotely were provided to the shareholders in the Administrative Notes of the 28th AGM sent through email and by ordinary post and the same was also published on the Company’s website.</p> <p>Dvote has in place a meeting platform that allows shareholders to participate online, using a smartphone, tablet or computer as well as view a live webcast of the meeting.</p> <p>As mentioned above, real time submission of typed texts is also available to encourage interactive participation from the 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 :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The minutes of the 28 th AGM were not circulated to the shareholders.
	However, the Summary of Key Matters discussed at the 28 th AGM was published on the Company's website at www.mesbbhd.com .
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

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

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

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