

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5040  
**COMPANY NAME** : MERIDIAN BERHAD  
**FINANCIAL YEAR** : June 30, 2022

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board's role is to provide entrepreneurial leadership, set strategic directions and oversees the business affairs of the Meridian Berhad ("Meridian" or "the Company") and its subsidiaries ("the Group") and management effectiveness.</p> <p>It is collectively responsible and accountable to the Company's stakeholders for the long-term success of the Group.</p> <p>The Board is responsible to shareholders for the management and performance of the Group, including the following matters:-</p> <p><b>a) Business strategy, budget, funding and financial performance</b></p> <p>Management's proposals, business strategy and projected cash flow which require Board's approval will be discussed at Board meetings, where the Directors will scrutinise, seek clarification and discuss with Management.</p> <p>The Executive Directors ensure that Management has taken into account all the consideration before tabling it to the Board. The day-to-day management of the Group is delegated to the Chief Executive Officer and Management team.</p> <p>The Board is also entrusted to ensure the Group's financial and non-financial reporting present a true and fair view of its state of affairs. The Audit Committee ("AC") meets regularly to review the unaudited financial results. The Board also ensures Management prepares the results and statements in accordance with the Companies Act, 2016 ("CA 2016"), Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), applicable accounting standards and other relevant regulatory requirements.</p>

The Board also reviews the Group's planning on its funding requirements and treasury matters on a continuing basis including approval of financial arrangements.

**b) Internal Control and Risk Management**

The Board acknowledges its overall responsibility in maintaining a sound system of internal control to safeguard shareholders' investment and the assets of the Group. The Board reviewed and deliberated on the internal control system and the overall risk exposure of the Group during the quarterly meeting.

The Board also reviews the principal risks arising from all aspects of the Group's business that have significant impact on the Group's operations to ensure that there are systems in place to effectively monitor and manage these risks through the Group's risk management framework and the Risk Management Handbook for Management to identify, evaluate, manage and monitor significant risk.

**c) Succession planning**

The Board seeks to ensure that the performance and competency of senior management positions are of sufficient calibre to lead the operations of the Group.

The Board is satisfied that there are programmes in place to provide for the orderly succession management including implementation of appropriate systems for recruiting, training, determining the appropriate compensation benefits and where necessary replacing any member of the Senior Management.

**d) Supervision and assessment of management performance**

The Board meets at least four times a year, with additional meetings being held as and when the need arises. At the start of the new year, the Board reviewed the projected cash flow presented by Management before approving for execution.

Management's performance, under the leadership of the Chief Executive Officer is assessed by the Board through the segmental reporting in the quarterly review during each reporting period.

**e) Effective communication with stakeholders**

The Company recognises the importance of communicating with its shareholders and does this through annual reports, announcements to Bursa Company's website at [www.meridianbhd.com.my](http://www.meridianbhd.com.my)

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

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Company does not have a designated Chairman. The Chief Executive Officer, Dato' Yap Ting Hau assumes the primary responsibility for managing the Group's operations and resources.</p> <p>As one of the pioneer members of the Group, the Chief Executive Officer is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group, and at the same time be guided by the independent advice and views from the Independent Directors, who offer the necessary checks and balances in the decision-making process of the Board.</p> <p>The Chief Executive Officer instils good governance practices by ensuring that all the directors' views are heard, sufficient time for discussion of each agenda, and fair opportunity is provided to all the directors to participate actively and constructively during the meetings and discussions.</p> <p>The Company is currently actively looking for a suitable candidate to fill the vacancy.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 1.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Meridian does not have a designated Chairman, however, a Chairman will be elected amongst the Board of Directors before convening the meeting and the Chief Executive Officer of the Company is Dato' Yap Ting Hau.</p> <p>The Chief Executive Officer is primarily responsible for the day-to-day operations of the Group, which includes implementation of policies, and strategies adopted by the Board. The Chief Executive Officer is responsible for communicating matters relating to the Group's business to the Board. The Chief Executive Officer's knowledge of the Group's business and affairs contributes significantly towards the attainment of the Group's goals and objectives. The Chief Executive Officer and the senior management team remain accountable to the Board for the authority that is delegated.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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>	
<b>Application</b> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	The Company does not have a Chairman. The Chief Executive Officer assumes the primary responsibility for managing the Group's operations and resources.
	The Company is currently actively looking for a suitable candidate to fill the vacancy of Chairman of the Board and will ensure that the Chairman is not a member of any Board Committees.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

## Practice 1.5

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The external Company Secretary of the Group is Ms. Wong Youn Kim. Ms. Wong Youn Kim is a member of MAICSA. She is qualified under Section 235 of the Companies Act, 2016.</p> <p>Below is the summary of the relevant activities in financial year ended 30 June 2022 carried out by the Company Secretary:-</p> <ul style="list-style-type: none"><li>a) Advised the Board on regulatory requirements and corporate governance matters so that the directors can discharge their duties and responsibilities effectively;</li><li>b) Provided regular updates on new statutory and regulatory requirements;</li><li>e) Monitored the developments in corporate governance and facilitated the application of best practices of Malaysian Code of Corporate Governance ("MCCG");</li><li>f) Managed and organised all Board and Committee meetings;</li><li>g) Attended and minuted all Board and Committee meetings and ensure all material, deliberations and decisions are accurately minuted;</li><li>h) Ensured all secretarial records, directors' interest disclosure and minutes of proceedings are properly updated and kept;</li><li>i) Assisted Directors on their training and development programme;</li><li>j) Advised and facilitated the conduct of annual Board Effectiveness Evaluation;</li><li>k) Facilitated and attended engagement with relevant regulators;</li><li>l) Managed, organised and attended annual shareholders' meetings and advised Chairman on proceedings of meetings; and</li><li>m) Served as a liaison for stakeholders' communication and engagement on corporate governance issues.</li></ul> <p>In order to upskill and keep abreast with the latest developments in corporate governance and regulatory compliances, the Company Secretary had attended several workshops, dialogues, trainings, talks and professional development programmes during the year.</p>



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

### Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors have full and timely access to information concerning the Group.</p> <p>The Directors are provided with the relevant agenda and meeting papers in sufficient time prior to scheduled Board or Board Committee meetings to enable them to have an overview of matters to be discussed, or reviewed at the meetings and to seek further clarifications, if any.</p> <p>The notice of the meetings is circulated to the Board members at least seven (7) days before the meeting and meeting papers include reports on the Group's financial, operational and corporate developments and proposals will be distributed to the Directors at least three (3) clear days before the meeting to allow sufficient time for the Directors to review, consider and deliberate on the matters, and where necessary, to obtain further information and explanation to facilitate informed decision making.</p> <p>When deemed necessary, Board members whether as a full Board or in their individual capacity may seek from senior management, company secretary and independent professional advice on specific issue at the Group's expense, to enable them to discharge their duties effectively.</p> <p>The deliberations and conclusion of issues discussed at meetings are duly recorded in minutes, the draft is circulated for Chairman's review within a reasonable timeframe after the meeting. The minutes captured the decisions made, key deliberations, rationale for the decision made and any significant concerns or views that were raised.</p> <p>The decisions made at meetings were communicated to management or relevant parties in a timely manner to ensure appropriate execution.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Meridian adopted its Board Charter on 21 December 2012 and last reviewed on 16 April 2019.</p> <p>The Board is guided by the Board Charter which sets out the duties and responsibilities of the Board, matters that are specifically reserved for the Board, as well as those which the Board may delegate to the relevant Board Committees and management in discharging its fiduciary and leadership functions.</p> <p>The Board Charter also serves as a good point of reference on the duties and responsibilities and corporate governance matters for newly appointed directors.</p> <p>The Board Charter outlined, among others the following scope:-</p> <ul style="list-style-type: none"><li>• Roles and responsibilities;</li><li>• Powers and duties;</li><li>• Board composition and size;</li><li>• Role of Chairman and Managing Director;</li><li>• Board Committees;</li><li>• Matters reserved for the Board;</li><li>• Board meetings and procedures;</li><li>• Directors' appointment and retirement;</li><li>• Appointment and role of alternate directors;</li><li>• Vacation of office of directors;</li><li>• Acceptance of new directorships in other companies;</li><li>• Remuneration of directors;</li><li>• Declaration of interest/Conflict of interest;</li><li>• Independent advice;</li><li>• Directors' training;</li><li>• Financial reporting; and</li><li>• Investor relations and shareholders communication policy.</li></ul>

	<p>The Board reviews the Board Charter periodically or as and when the need arises. The last review was done on 16 April 2019.</p> <p>A summary of the Board Charter is made available in the Company's website at <a href="http://www.meridianbhd.com.my">www.meridianbhd.com.my</a></p>	
<b>Explanation for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>		
<b>Timeframe</b>		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has adopted the Code of Ethics and Conduct ("Code of Conduct") effective December 2013 which sets out the standard behaviour and ethical conduct that must be complied with by the Directors, Management and employees of the Group.</p> <p>The Code of Conduct aims to ensure that the Directors, Management and employees as well as third parties which perform work or services for the Group will act ethically and remain above board at all times.</p> <p>The Code of Conduct governs the daily conduct of the employees on matters relating to conflict of interest, fraud, corruption, competition money laundering and dishonesty amongst others. The Code of Conduct also emphasises the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and wellbeing of the Group.</p> <p>Apart from the above, the Directors also have its own Directors' Code of Conduct and Ethics which was adopted in December 2012.</p> <p>The Code of Conduct and Directors' Code of Conduct and Ethics are available at <a href="http://www.meridianbhd.com.my">www.meridianbhd.com.my</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As part of the Company's continuous effort to ensure that good corporate governance practices are being adopted, the Board has formalized a Whistle Blowing Policy to provide an avenue for stakeholders of the Company to raise concerns related to possible breaches of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices.</p> <p>Whistle Blowing Policy was established to provide a platform and to act as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings or non-compliance to any rules or procedures by the employees or Management of the Company.</p> <p>The policy outlines the scope and procedures where a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistleblower the opportunity to raise concerns outside their management line and in confidence.</p> <p>The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. Any concerns raised will be investigated and a report and update are provided to the Board, through AC.</p> <p>The Board together with Management, reviews the Whistle Blowing Policy periodically or as and when the need arises. The last review was done in January 2016.</p> <p>A summary of the Whistle Blowing Policy is made available in the Company's website at <a href="http://www.meridianbhd.com.my">www.meridianbhd.com.my</a></p>
<b>Explanation for departure</b>	:	

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



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

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible to oversee the Group's sustainability agenda, practices, strategies and performance supported by the Management. The Management is tasked to integrate sustainability considerations in the day-to-day operations of the Group and ensuring the effective implementation of the Group's sustainability strategies and plans.</p> <p>The Terms of Reference of the AC provides the explicitly AC's responsibilities to renew the Group's sustainability policies, goals and risks periodically.</p> <p>Additionally, the Company's Sustainability Statement provides an overview of the sustainability performance for the financial year 2022, as disclosed in the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company believes in transparency and open lines of communication with all the stakeholders. Transparency and communication are fundamental components of good corporate governance and serve to build vital relationships of trust the Company maintained with its stakeholders.</p> <p>The Company engages its stakeholders through various means of communication to enable them to more understand the Group’s business operation and seek their feedbacks and inputs on several matters relevant to them. The Group identified them through issues which are material based on their impact to the Group’s operation and the number of stakeholders affected.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board took note of the importance of the sustainable development. The Chief Executive Officer is the designated person to ensure the relevant Heads of Department to address the sustainability issues relevant to the Group and its business in order to achieve sustainable long-term value.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Directors and Board Committees' assessment and evaluation have been performed on yearly basis to assess the following areas:-</p> <ul style="list-style-type: none"> <li>• Board and Board Committee Evaluation;</li> <li>• Board Skills Matrix;</li> <li>• Directors' Evaluation; and</li> <li>• Independent Directors' Self-Assessment Checklist.</li> </ul> <p>Based on the assessment and evaluation performed by each individual Directors and Nomination and Remuneration Committee ("NRC"), it was concluded that:-</p> <p>(a) NRC was satisfied that the Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.</p> <p>(b) NRC was satisfied with the current structure, size and composition of the Board which comprises people who possess different expertise and experience in various fields and specialisations enable the Board to lead and manage the Company effectively.</p> <p>(c) NRC was satisfied with the performance and contribution of each individual Director and each Director is well qualified in his/her area of expertise and profession.</p> <p>(d) NRC was satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act independently and objectively in the best interest of the Company.</p>
<b>Explanation for departure</b>	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

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

### Intended Outcome

The 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.

<i>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.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: <p>As a responsible business entity, the Group has committed to develop sustainable strategies across all levels of management. In the effort to embed and achieve sustainable management and growth into the daily operations, the Group has established a governing body to oversee and implement sustainable programs.</p> <p>The Chief Executive Officer is the designated person to ensure the relevant Heads of Department to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.</p> <p>The roles and responsibilities of the Chief Executive Officer are as follows:-</p> <ul style="list-style-type: none"><li>(a) Coordinate information and inputs from Heads of Department (“HODs”);</li><li>(b) Develop and improve sustainability strategies; and</li><li>(c) Monitor sustainability programme performance.</li></ul> <p>The HODs also play their roles to: -</p> <ul style="list-style-type: none"><li>(a) Assist and gather information for sustainability reporting;</li><li>(b) Implement sustainability practices approved by the Chief Executive Officer; and</li><li>(c) Identify Environmental, Social and Governance (ESG) by department.</li></ul>

## Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC had performed Board assessment on annual basis to ensure that the right group of people with appropriate mix of skill was appointed.</p> <p>The NRC also conducted an assessment of Director who is seeking for re-election at the forthcoming 22<sup>nd</sup> Annual General Meeting ("AGM") and concluded that Dato' Yap Ting Hau is eligible for re-election. The Board had approved and proposed the re-election of Dato' Yap Ting Hau at the coming AGM.</p> <p>The NRC is cognisant on retaining an Independent Director after a cumulative term of nine (9) years by seeking annual shareholders' approval through a two-tier voting process to be in line with the MCCG 2021.</p> <p>As at the date of this statement, the term of service of the Independent Directors is less than nine (9) years.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board currently consists of four (4) members, two (2) of whom are Independent Non-Executive Director as follows:-</p> <ol style="list-style-type: none"> <li>1) Chew Shin Yong, Mark</li> <li>2) Ng Kok Hok</li> </ol> <p>The Board believes that a board comprising a majority of Independent Directors allows for more effective oversight of Management. The majority of the Independent Non-Executive Directors also provides the necessary checks and balances in the Board's exercise of their functions by facilitating an independent evaluation of the Board's decisions and decision-making process.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The strength of the Board lies in the composition of its members, who have a wide range of expertise, extensive experience and diverse backgrounds.</p> <p>Hence, the Board recognises the importance and the benefits of diversity in terms of skills, experience, age, gender and cultural background and ethnicity at leadership level as it will bring different perspective to the boardroom.</p> <p>The NRC is empowered to identify, evaluate and recommend to the Board of candidates for new appointments to the Board. In the process the NRC take into consideration, the following aspects:-</p> <ul style="list-style-type: none"> <li>• Probity, personal integrity and reputation;</li> <li>• Competence and capability;</li> <li>• Financial integrity;</li> <li>• Professional background; and</li> <li>• Directorships in public listed companies.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group practices formal procedures on sourcing and appointment of new directors, either via nominations or independent sources. In searching for suitable candidates, the NRC may receive suggestions from existing Board members, Management and major shareholders.</p> <p>The committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>All appointments of new directors are subject to screening and appropriate recommendation of the NRC prior to consideration and approval of the Board.</p> <p>In evaluating potential candidates, the NRC will assess directorship suitability based on objective criteria, including:-</p> <ul style="list-style-type: none"><li>• Probity, personal integrity and reputation;</li><li>• Competence and capability;</li><li>• Financial integrity;</li><li>• Professional background; and</li><li>• Directorships in public listed companies.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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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 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The details of the Director seeking re-election at the AGM including their qualification, working experience, directorship in other public listed company, relationship with any director or major shareholder and conflict of interests with the Company are set out in the Profile of Directors section as disclosed in the Annual Report 2022.</p> <p>The details of the interest of the Directors in the securities of the Company and attendance at Board of Directors' Meetings held during the financial year ended 30 June 2022 are also disclosed in the Annual Report.</p> <p>Based on the assessment of the NRC, the NRC had recommended that Dato' Yap Ting Hau is eligible for re-appointment, the Board had subsequently approved and resolved the re-appointment of Dato' Yap Ting Hau as Director at coming 22<sup>nd</sup> AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NRC comprises solely of Independent Non-Executive Directors. The Chairman of the NRC is Mr. Chew Shin Yong, Mark, an Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	As at the date of issuance of this report, there are no women Directors on Board.	
		The Board acknowledges the call by the Government and MCCG for boards to comprise at least 30% woman on Board.	
		The Board is mindful that any gender representation should be in the best interest of the Company. Although the Company has not reached the 30% women representation target at Board level as required, the Board is putting its effort in getting other suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age to join the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board currently does not have a formal policy on its boardroom or gender diversity. The evaluation and selection criteria of a Director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the new Board member. Nonetheless, the Board is supportive of gender diversity in the Boardroom composition as recommended by the MCCG and will endeavour to consider suitable and qualified female candidates for appointment to the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The NRC is responsible in ensuring annual evaluation is carried out to assess the Board effectiveness, performance of board committees, individual director assessment, including the independency of independent directors.</p> <p>During the financial year ended 30 June 2022, the NRC had carried out the annual assessment and is satisfied that the Board and Committees composition have the adequate and right blend of knowledge, experience and mix of skills.</p> <p>The assessment was conducted internally, facilitated by the Company Secretary based on questionnaire taking into consideration the best practices prescribed by MCCG. Individual Director assessment is conducted by way of self and peer rating assessment model.</p> <p>The Directors' responses are collated and a comprehensive summary of findings and recommendations is submitted to the NRC for evaluation, after which, the findings and recommendations are escalated to the Board for its consideration and proposed actions based on the NRC's recommendations.</p> <p>The NRC also evaluates the independence of the Independent Directors based on the criteria of "Independence" as prescribed in the MMLR of the Bursa Securities.</p> <p>The evaluation and assessment of the NRC was carried out by other Board members who are not members of NRC.</p> <p>All Directors' responses from the annual assessment conducted were formally and properly documented.</p>

	The assessment of the Board, Committees and Individual Director were based on the following criterias:-	
	Board	<ul style="list-style-type: none"> <li>• Board Composition and Size</li> <li>• Board Process</li> <li>• Board Roles and Responsibilities</li> <li>• Standards of Conduct</li> </ul>
	Audit Committee	<ul style="list-style-type: none"> <li>• Quality and Composition</li> <li>• Skills and Competency</li> <li>• Meeting Administration and Conduct</li> <li>• Internal Control and Risk Assessment</li> <li>• Internal Audit</li> <li>• External Audit</li> <li>• Other Matters</li> </ul>
	Nomination and Remuneration Committee	<ul style="list-style-type: none"> <li>• Remuneration matters</li> <li>• Nominating matters</li> </ul>
	Individual Director	<ul style="list-style-type: none"> <li>• Contribution to interaction</li> <li>• Quality of input</li> <li>• Understanding of role</li> <li>• Board Chairman's role</li> </ul>
The Committee will keep on reviewing the questionnaire when the need arises.		
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Executive Directors. The Executive Directors did not participate directly in any way in determining their individual remuneration.</p> <p>The Board determines the remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The Board recommends the Director's fees payable to Independent Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a NRC comprises mainly of the following Directors:-</p> <ol style="list-style-type: none"><li>1) Chew Shin Yong, Mark (Independent Non-Executive Director/Chairman)</li><li>2) Ng Kok Hok (Independent Non-Executive Director/Member)</li></ol> <p>The primary function of the NRC is set up to review and to recommend to the Board the remuneration packages and other terms of employment of the Executive Directors.</p> <p>The Terms of Reference of NRC is made available in the Company's website at <a href="http://www.meridianbhd.com.my">www.meridianbhd.com.my</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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

### **Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.</p> <p>The determination of the remuneration for the Non-Executive Directors is a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration package.</p> <p>The Board recommends the Directors' Fees payable to Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.</p> <p>The details for the remuneration of Directors for the financial year ended 30 June 2022 are disclosed in page 20 of Meridian's Annual Report 2022.</p>

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	Dato' Yap Ting Hau	Executive Director	0	1,500	960,000	0	0	116,123	1,077,623	0	1,500	960,000	0	0	116,123	1,077,623
2	Tang Boon Koon	Executive Director	0	2,000	120,000	0	0	0	122,000	0	2,000	120,000	0	0	0	122,000
3	Woon Soon Fai	Independent Director	50,000	4,000	0	0	0	0	54,000	50,000	4,000	0	0	0	0	54,000
4	Chew Shin Yong, Mark	Independent Director	50,000	5,000	0	0	0	0	55,000	50,000	5,000	0	0	0	0	55,000
5	Ng Kok Hok	Independent Director	50,000	5,000	0	0	0	0	55,000	50,000	5,000	0	0	0	0	55,000
6	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	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 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Practice 8.2 of the MCCG 2021 states that the Company should disclose on a named basis the top (5) Senior Management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000. The Board is of the view that such disclosure would give rise to recruitment and talent retention issues and hence, will not apply this Practice.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

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.

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

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	During the financial year ended 30 June 2022, the Audit Committee meetings were chaired by an Independent Non-Executive Director, Mr. Woon Soon Fai, who was not the Chairman of the Board. He resigned as Chairman of the Audit Committee on 26 September 2022. The Board had on the same day redesignated Mr. Ng Kok Hok as Chairman of Audit Committee.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group has always recognised the need to uphold independence. During the financial year 2022, none of the members of the Board or Board Committees were former key audit partners.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Under the Term of Reference of AC, the AC is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the External Auditors.</p> <p>The review is based on their suitability and independence such as ensuring the provision of non-audit services would not impair the external auditors’ independence and written assurance from the external auditors confirming they have been independent throughout the conduct of the audit engagement.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted												
<b>Explanation on adoption of the practice</b>	:	The AC comprises solely of Independent Directors as follows:- <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>1.</td><td>Ng Kok Hok <i>(Independent Non-Executive Director) (Redesignated as Chairman of Audit Committee on 26 September 2022)</i></td><td>Chairman</td></tr><tr><td>2.</td><td>Chew Shin Yong, Mark <i>(Independent Non-Executive Director)</i></td><td>Member</td></tr><tr><td>3.</td><td>Woon Soon Fai <i>(Independent Non-Executive Director) (Resigned as Chairman of Audit Committee on 26 September 2022)</i></td><td>Chairman</td></tr></tbody></table>	No.	Name	Designation	1.	Ng Kok Hok <i>(Independent Non-Executive Director) (Redesignated as Chairman of Audit Committee on 26 September 2022)</i>	Chairman	2.	Chew Shin Yong, Mark <i>(Independent Non-Executive Director)</i>	Member	3.	Woon Soon Fai <i>(Independent Non-Executive Director) (Resigned as Chairman of Audit Committee on 26 September 2022)</i>	Chairman
No.	Name	Designation												
1.	Ng Kok Hok <i>(Independent Non-Executive Director) (Redesignated as Chairman of Audit Committee on 26 September 2022)</i>	Chairman												
2.	Chew Shin Yong, Mark <i>(Independent Non-Executive Director)</i>	Member												
3.	Woon Soon Fai <i>(Independent Non-Executive Director) (Resigned as Chairman of Audit Committee on 26 September 2022)</i>	Chairman												



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Overall, the AC possesses a wide range of necessary skill to discharge their duties. All members of the AC are financially literate, whilst the Chairman of the AC is a member of MIA as required by Paragraph 15.09(1)(c) of Main Market Listing Requirements.</p> <p>The AC assist the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting. One of the key responsibilities of the AC is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.</p> <p>During the financial year 2022, the External Auditors also briefed the AC members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statement.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility to maintain a sound system of internal control and risk management practices within the Group, which is important to safeguard the shareholders' investment and the Group's assets.</p> <p>The Board's responsibility includes the establishment of appropriate control and framework as well as reviewing the adequacy and integrity of the system in managing the Group's business risks.</p> <p>A Register of Risk and a Risk Management Handbook had been prepared as part of the Risk Management Process. The purpose of the Register of Risk is to identify principal business risk and update changes in risk profile. The Risk Management Handbook summarises the risk management methodology, approach, processes, roles and responsibilities, and various risk management concept. The respective risk owners are responsible to identify the risks and ensure that adequate control systems are implemented to mitigate and control the risks faced by Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The risk identification process involving reviewing and identifying the potential risk exposure which arising from changes in both external business environment and operation conditions. The risk measurement guidelines comprise the financial and non-financial qualitative measures of risk consequences based on the risk likelihood rating and risk impact rating.</p> <p>The Management has been vested the responsibility for managing risks and internal controls associated with the operations of the Group and for ensuring compliance with the applicable laws and regulations. Any significant issues and controls implemented were discussed at quarterly Audit Committee meetings.</p> <p>The key elements of the Group's risk management framework include:-</p> <ul style="list-style-type: none"><li>• Senior executive Management team to identify and evaluate all present and potential risks faced by subsidiaries of the Group, and to formulate actions plans to manage or mitigate those identified risks.</li><li>• Determine the risk appetite for subsidiaries of the Group, and ensure that risks are managed and maintained at acceptable levels.</li><li>• Continuous monitoring of existing as well as new business activities taking into changes in the business environment to update key risks and reviewing the appropriateness of the mitigation action plans.</li></ul> <p>The Board currently viewed the risk management and the internal control system as adequate and effective in managing the Group's business risks and to safeguard the Group's assets.</p>
<b>Explanation for departure</b>	:	

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

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

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has outsourced its internal audit function. Currently the outsourced Internal Auditor is Finfield Corporate Services Sdn. Bhd. ("Finfield"), an independent professional service firm to perform systematic review of the internal control system of the Group.</p> <p>The AC acknowledges that an independent and adequately resourced internal audit function is required to provide assurance on the effectiveness of the internal control system in addressing the risk identified.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All internal audit personnel assigned to Finfield to perform internal audit assignments for the client are required to make a written declaration that they do not have any relationships or conflict of interest with the client, which could impair their independence and objectivity.</p> <p>Based on these written declarations, nothing has come to Finfield attention to indicate that the internal audit personnel assigned by them had any relationships or conflicts of interest with the client, which could impair their independence and objectivity for those internal audit assignments performed during the financial year ended 30 June 2022.</p> <p>FinField has three (3) professional service staff providing internal audit services as at 30 June 2022.</p> <p>The person responsible for the outsourced internal audit is Mr. Tan Yen Yeow (“Mr. Tan”), a director with Finfield. Mr. Tan is a member of the Malaysian Institute of Accountants (MIA) and a Certified Internal Auditor (CIA).</p> <p>FinField performed their work in line with the International Professional Practices Framework for Internal Auditing issued by The Institute of Internal Auditors except for non-conformance with Standard 1312 – External Assessments.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

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



### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. The Company is guided by the Corporate Disclosure Policy issued by the Bursa Securities and the Board adheres strictly to the disclosure framework to provide investors and the public with accurate and complete information on a timely basis.</p> <p>The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information.</p> <p>While the Board endeavours to keep all its shareholders as much informed as possible, the Group as mentioned earlier, has always been abided by the legal and regulatory framework governing the release of materials and price-sensitive information.</p> <p>The Company's website at <a href="http://www.meridianbhd.com.my">www.meridianbhd.com.my</a> also provides easy access to the investors and general public on up-to-date corporate announcements, quarterly financial results, annual reports and where appropriate, circulars and press releases and other information pertaining to the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice of the AGM will be circulated at least twenty-eight (28) days prior to the date of the AGM to enable shareholders to have sufficient time to peruse the Annual Report and papers supporting the resolutions proposed.</p> <p>The sufficient time was given to the shareholders to allow them to make the necessary arrangements to attend and participate in person.</p> <p>The Annual Report 2022 will be available on the Company's website at <a href="http://www.meridianbhd.com.my">www.meridianbhd.com.my</a></p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AGM is the principal forum for dialogue with the shareholders. All the Directors would be invited to attend and participate at the AGM. The Board encourages shareholders to attend the AGM and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group.</p> <p>The AC is available at the AGM to answer questions and consider suggestions. The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Due to COVID-19 Pandemic and the implementation of Movement Control Order in Malaysia, the Company’s 21<sup>st</sup> AGM has been conducted fully virtual.</p> <p>The AGM was conducted through live streaming and online poll voting whereby shareholders and proxies can access and participate remotely. With objective to keep our shareholders safe, this also can encourage participation of all shareholders in AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Shareholders are encouraged to participate and vote remotely during the Company's AGM using the Virtual Meeting Facilities. A registration link was provided to the shareholders in the Administrative Guide, which is released together with the Notice of AGM and made available on the Company's website and Bursa Securities' website.  Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or click onto the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time within the Q&A Box at the bottom of the messaging screen. Any questions can be submitted at any time until the announcement of the closure of Q&A session.  The Directors and Management had answered all the questions submitted prior or during the meeting during the Q&A session.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

## Intended Outcome

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

## Practice 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>All Directors and Senior Management had attended the fully virtual AGM held on 17 December 2021 to engage directly with shareholders and be accountable for their stewardship of the Company.</p> <p>An Administrative Guide was released together with the Notice of AGM, whereby the shareholders are entitled to appoint proxy/proxies to participate and vote instead of shareholders themselves by submitting the Form of Proxy to the Registered Office of the Company not later than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or adjourned meeting.</p> <p>The Company has appointed HMC Corporate Services Sdn. Bhd. ("HMC") as Poll Administrator to conduct the poll by way of online voting and to provide a virtual meeting facility for the 21<sup>st</sup> AGM held on 17 December 2021. The Board was satisfied with the virtual meeting facilities provided by HMC for the previous AGM held in year 2021, therefore the Board had decided to engage the same service provider for coming AGM.</p> <p>Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or click onto the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time via the Q&amp;A Box on the Virtual Meeting Facilities. Any questions can be submitted at any time until the announcement of the closure of Q&amp;A session. The Directors and Management will address the questions submitted prior or during the meeting accordingly.</p>
<b>Explanation for departure</b>	:

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



**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Minutes of the 21 <sup>st</sup> AGM was uploaded on the Company's website no later than 30 business days after the AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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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