

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7004
COMPANY NAME : MCE HOLDINGS BERHAD
FINANCIAL YEAR : July 31, 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ('the Board') of MCE Holdings Berhad ("MCE" or "Company") is the ultimate body responsible for the stewardship and control of the Company and Group.</p> <p>The Board of MCE has primary responsibilities for the governance and Management of the Company and Group including the financial and organizational wellbeing of the Company and Group and ensures that the MCE Group has appropriate corporate governance structures aimed at creating and protecting shareholders' value and that all Board members are aware of their duties and responsibilities as Board members.</p> <p>The primary responsibilities and key duties of the Board and its Directors are well defined and set out under the Companies Act 2016, the Company's Constitution including its obligations to comply with Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements ("Listing Requirements").</p> <p>The Board is committed to ensure that high standards and appropriate practices are in place throughout MCE Holdings Berhad and its subsidiaries ("MCE Group" or "the Group") to protect, enhance and support the business affairs and financial performance of the Group with the ultimate objective of safeguarding shareholders' investment and enhancing shareholders' value.</p> <p>The present Board composition comprises Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals enabling the Board to carry out its responsibilities effectively.</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 1.2

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>Tan Sri Abd Rahman Bin Mamat is Chairman of the Board and an Independent Non-Executive Director of the Company. His profile can be viewed on page 10 of the Company's Annual Report 2022. He provides leadership and ensured that the Board carried out its responsibilities effectively. As provided under the Company's Board Charter, the Chairman is primarily responsible for, amongst others:</p> <ul style="list-style-type: none">➤ Providing leadership for the Board so that the Board can perform its responsibilities effectively:<ul style="list-style-type: none">• Ensures that the Board plays a full and constructive part in the determination of the Company's strategies and policies, and that Board decisions taken are in the company's best interests and fairly reflect board's consensus; and• Ensures that procedures are in place to govern the Board's operations.➤ Setting the Board agenda and ensures that Board members receive complete and accurate information in a timely manner:<ul style="list-style-type: none">• Plans the board meeting agenda in advance alongside the Company Secretary and Group Managing Director ("GMD"). Other Directors and key members of management may also be consulted;• Ensures the provision of accurate, timely and clear information to the other directors; and• Ensures all Directors are properly briefed on issues arising at board meetings in a timely manner.➤ Leading Board meetings and discussions:<ul style="list-style-type: none">• Ensures that adequate time is available for thorough deliberation of key issues; and• Ensures that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the board.➤ Encouraging active participation and allows dissenting views to be freely expressed:<ul style="list-style-type: none">• Promotes a culture of openness and debate whilst ensuring that no one director dominates the discussion; and

	<ul style="list-style-type: none"> • Obtains suggestions and comments from Directors and encourages those who are less vocal to be more proactive in providing views. <p>➤ Managing the interface between board and management:</p> <ul style="list-style-type: none"> • Acts as the main conduit between management and the Board; and • Develops a positive relationship with the chief executive officer. <p>➤ Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole:</p> <ul style="list-style-type: none"> • Acts as a spokesperson for the Board; and • Acts as the main representative of the company alongside the GMD at shareholders' meetings and on other occasions where key or major actions are taken or statements are made in the name of the Company. <p>➤ Leading the Board in establishing and monitoring good corporate governance practices in the company:</p> <ul style="list-style-type: none"> • Leads the creation of an effective corporate governance system, including the establishment of Board and Committee charters, a Committee structure and induction as well as ongoing education programmes for Directors; and • Oversees and facilitates Board, Committee and Board member evaluation reviews and succession planning alongside the Chairman of the Nomination and Remuneration Committee ("NRC"). 	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman and GMD are separate and clearly defined, and are held by two distinct individuals. Tan Sri Abd Rahman Bin Mamat is the Independent Non-Executive Director and Chairman of the Board whereas Dr Goh Kar Chun is the GMD of MCE. The separation of power ensured balance of power, accountability and division of roles and responsibilities of the Board and the management of the Group's business and operations.</p> <p>The Board had developed descriptions for responsibilities of the Board Chairman, GMD, Group Executive Director ("GED"), the individual Board members as well as Chief Financial Officer.</p> <p>The details of these responsibilities are articulated in the Board Charter which is accessible at http://www.multicode.com.my.</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 1.4

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	:	Applied
Explanation on application of the practice	:	On 10 August 2022, Tan Sri Abd Rahman Bin Mamat, the Chairman of the Board had resigned as member of ARMC and NRC to be in line with Practice 1.4 of the Malaysian Code of Corporate Governance issued by the Securities Commission on 28 April 2021 ("MCCG").
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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>MCE's Board is supported by two (2) External Company Secretaries. Both Company Secretaries of MCE are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which one is a Fellow Member and the other, an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators.</p> <p>The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.</p> <p>All Directors also have full and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretaries as well as external consultants. The Company Secretaries together with the GMD, GED and Chief Financial Officer assist the Chairman of the Board and Chairman of Board Committees to deal with the Board agenda and to provide the relevant information and documents to Directors on a timely basis. The Board is satisfied with the support and performance rendered by the Company Secretaries in assisting the Board to discharge its duties.</p> <p>The Board are of the view that the Company Secretaries have been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.</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

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>The Board recognises that the supply, timeliness and quality of the information affect the effectiveness of the Board to oversee the conduct of the business and to evaluate the management performance of the Group.</p> <p>A corporate calendar of all scheduled meetings and planned events for the financial year are furnished to all Directors and the Management by the Company Secretary normally during the 4th quarter Board meeting to aid and facilitate the Directors in scheduling and meeting their time commitments.</p> <p>In reviewing and analysing the quarterly interim financial results, the Board was provided with various corroborative information and data. This information was circulated to the Board members within seven (7) days prior to the Board meetings so as to provide the Directors with relevant and timely information to enable them to deliberate issues raised during Board meetings more effectively. The key business information and data covers budget, management report on operations, business development, performance of its subsidiaries, the management's quarterly risk assessment and its status of action plans undertaken by the Risk Management Committee. Additionally, the Management was also invited to brief and report in meetings of the Board and Board Committees.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Company Secretaries will circulate the draft minutes of meetings for the Board and Board's Committee review in a timely manner. The Company Secretaries will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until they are resolved.</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

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 roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through the MCE's corporate website at http://www.multicode.com.my.</p> <p>It is the primary governance responsibilities of the Board to lead and control the Group. The Board plans the strategic direction, development and control of the Group and has taken initiatives to embrace the responsibilities listed in the Code, which facilitate the discharge of the Board's stewardship responsibilities. When implementing the strategic plan, the GMD and GED is responsible for making and implementing operational and corporate decisions while the Non-Executive and Independent Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement in safeguarding the interests of the shareholders.</p> <p>The Board has defined the roles and responsibilities for the Board, its GMD and GED. In discharging its fiduciary responsibilities, the Board emphasises strongly during its Board meetings on the deliberation and review of the financial performance of the Group, the execution of strategic plan by the GED, the principal risks faced by the Group and effectiveness of management mitigation plan, the appraisal of executive management and senior management succession plans as well as the integrity of the management information and systems of internal control of the Group.</p> <p>The Board has specifically reserved the following matters for decision by the Board:</p> <p>Acquisitions of Business/Investments.</p> <ul style="list-style-type: none">• Divestments and Disposals of Business/Investments.• Overseas Equity Venture.• Corporate Finance and Proposals.• Terms of key/main agreements not within the ordinary course of business.

	<ul style="list-style-type: none"> • Acquisition and disposal of Properties and Motor Vehicles. • Acquisition and Disposal of Fixed assets, other than Properties and Motor Vehicles, for amounts RM100,000 and above. • Disposal and write offs of current assets, for amounts RM100,000 and above. • Material expenditure other than capital expenditure not within the ordinary course of business, for amounts RM100,000 and above. • Bank borrowings and finance arrangements. • Placements/withdrawal of bank fixed deposits. <p>The Board maintains specific Board Committees namely ARMC and NRC. These Committees ensure greater attention, objectivity and independence are provided in the deliberations of specific board agenda. The Board has defined the terms of reference for each Committee and the Chairman of these respective committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees.</p> <p>The Board had on 27 June 2022 adopted the Fit and Proper Person Policy together with Declaration Form of Key Management Personnel which serve as guidance for the appointment, re-election of Directors and the appointment of key management personnel to carry out their responsibilities with full competence, character, diligence, integrity and judgement.</p> <p>On 27 June 2022, the Board had reviewed and enhanced its Board Charter and revised the existing Board policies and practices :</p> <ul style="list-style-type: none"> • Board Charter • Audit and Risk Management Committee's Term of Reference • Nomination and Remuneration Committee's Term of Reference • Corporate Disclosure Policy • Stakeholders Communication Policy • Code of Conduct and Business Ethics Policy • Policy on Continuing Education Policy • Board Diversity Policy • Board Procedures for Appointment of Directors • Policy Framework on Remuneration of Directors • Whistleblowing Policy • Anti-Bribery And Anti-Corruption Policy • Board Policy Protocols & Procedures in respect of Response to Rumours or Reports/Unusual Market Activity (UMA) Query from Bursa Malaysia <p>The Board Charter and the key Board Policies can be viewed at MCE's website at http://www.multicode.com.my</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>MCE’s Code of Conduct and Business Ethics Policy (“the Code”) sets out the standards of ethical behaviour and values expected of Directors and any other employees at executive level and above and serves as a guide and reference in the course of the performance of their responsibilities.</p> <p>The Board has implemented appropriate processes and systems to support, promote and ensure its compliance. The Board through the NRC will periodically review the Code which is available on MCE’s Website at http://www.multicode.com.my.</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 had adopted a Whistle-Blowing Policy which sets out the disclosure procedures and protection for whistle blowers to meet the Group’s ethical obligations. Employees and stakeholders are encouraged to raise any serious concerns they have on any suspected misconduct or malpractices without fear of victimisation in a responsible manner rather than avoiding or overlooking them.</p> <p>The Whistle-Blowing Policy is available on MCE’s Website at http://www.multicode.com.my.</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 Group has a history of over 30 years and sustainability has always been an integrated pillar of the Group's corporate strategy to develop itself into an enduring and long lasting entity.</p> <p>The MCE Group has long recognised that the Group does not operate in a vacuum and that its business and operations have an impact on the economy, environment and society.</p> <p>The Board of MCE recognises the importance of building a sustainable business taking into consideration all factors that will affect the sustainability of the Group's business, the management and how these factors are addressed in order to create long term shareholder value and to safeguard the interest of all stakeholders.</p> <p>The Group is mindful that its activities should be carried out with the highest standards of corporate and social responsibility as it strives to align its business operations while balancing to minimize the environmental impact arising from its operations and actions while at the same time improved the social and economic conditions for all its stakeholders including its employees and the communities that it operates in.</p> <p>The Company through its Board has established an existing Enterprise Risk Management Framework which is overseen by a Risk Management and Sustainability Working Committee ("RMSWC") which is chaired and led by the GMD. The members of this RMSWC comprise of selected heads of department and other management personnel as deemed appropriate by the GMD.</p> <p>Currently the Board oversees the Group's sustainability agenda with the GMD, GED assisted by the respective heads of Departments. The Board had integrated the responsibilities in respect of business sustainability with its Risk Management and Sustainability Working Committee</p>

	("RMSWC") which reports to the Audit and Risk Management Committee ("ARMC").	
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 RMSWC is tasked with the following responsibilities:</p> <ul style="list-style-type: none">• Advising the Board and recommending the strategies in respect of sustainability and sustainability related policies for adoption;• Monitoring the implementation of sustainability strategies as approved by the Board;• Overseeing the overall management of stakeholder engagement, ensuring grievance mechanisms are in place;• Overseeing the management of sustainability matters, with particular focus on matters material to the Group organisation; and• Overseeing the preparation of sustainability disclosures as required by laws and/or rules, and recommending it for the Board’s approval. <p>In formulating and making recommendations on sustainability the RMSWC will be guided by the Group’s Vision and Mission and the Corporate Philosophy.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The 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	:	The Board ensures that it is kept abreast and understands the Group's sustainability issues through periodic updates by the RMSWC and ARMC. During the periodic briefings, the Board is presented with the challenges, risks and opportunities faced in its sustainability issues. With the briefings, the Board is able to better assess and form the Group's direction in relation to its sustainability strategies and policies.	
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 through its NRC carries out an annual assessment on the effectiveness of the Board as a whole, the Boards’ Committees and the performance and contribution of each individual director.</p> <p>The annual assessment of the Board is included with the assessment of the Board’s performance in addressing the Company’s material sustainability risks and opportunities.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The 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	:	Adopted
Explanation on adoption of the practice	:	<p>RMSWC is chaired by the GMD and in his absence the GED and comprised of selected heads of Departments and other management personnel as deemed appropriate by the GMD.</p> <p>The RMSWC is tasked with the following responsibilities:</p> <ul style="list-style-type: none">➤ Advising the Board and recommending the strategies in respect of sustainability and sustainability related policies for adoption;➤ Monitoring the implementation of sustainability strategies as approved by the Board;➤ Overseeing the overall management of stakeholder engagement, ensuring grievance mechanisms are in place;➤ Overseeing the management of sustainability matters, with particular focus on matters material to the Group organisation; and➤ Overseeing the preparation of sustainability disclosures as required by laws and/or rules, and recommending it for the Board's approval. <p>In formulating and making recommendations on sustainability the RMSWC will be guided by the Group's Vision and Mission and the Corporate Philosophy.</p>

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><u>Refreshing the Board Composition</u></p> <p>The NRC is responsible to assist the Board (among other things) in the development and implementation of the policies on the nominating and appointment of Directors and Committee members in the Group, to achieve long-term sustainability of the organisation in accordance with the Terms of Reference of the NRC.</p> <p>In this respect, the Board is mindful that for it to be effective, its composition must include the right group of people, with an appropriate mix of skills, knowledge, experience and independence elements that fit the Company's objectives and strategic goals.</p> <p>Accordingly, the Board has also adopted the practices for assessing the independence of Independent Directors annually and none of current board member has served more than nine (9) years in the Company.</p> <p>On 10 August 2022, Mr Tai Lam Shin who has served as an Independent Non-Executive Director for a period of beyond 9 years and more than 12 years had been re-designated as a Non Independent Non-Executive Director to comply with the amended definition of an Independent Director under Listing Requirements.</p> <p><u>Re-election of Directors</u></p> <p>The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.</p> <p>The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting.</p> <p>Directors who were appointed during the year are also subject to retirement at the next Annual General Meeting after their appointment and are eligible for re-appointment.</p>

	<p>The Directors who are subject to re-election and/or re-appointment at the next Annual General Meeting have been assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.</p> <p>The details was reported on pages 14 to 24 of the Corporate Governance Overview Statements in the 2022 Annual Report.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>During the financial year under review, the Board of MCE was comprised of Six Directors with an appropriate balance of:</p> <ul style="list-style-type: none">- Two Executive Directors; and- Three Independent Non-Executive Directors.- One Non-Independent Non-Executive Directors. <p>The Board’s composition of Independent Directors exceeds the recommendation of at least half of its Board during the financial year and also exceeds the 1/3 requirement of the Listing Requirements.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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>Mr Tai Lam Shin who has served as an Independent Non-Executive Director of more than 12 years had been re-designated to Non-Independent Non-Executive Directors on 10 August 2022.</p> <p>Currently, the Board has three (3) Independent Directors and none of the independent director(s) have served beyond nine (9) years.</p> <p>The Board had adopted the evaluation procedures for assessment of the independence of the Independent Directors and where applicable, any impairment arising from a long tenure in office (9 years as prescribed by MCCG). When the Board retains an Independent Director, who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval</p> <p>The evaluation was carried out, reviewed and deliberated and duly recommended and tabled to the Board.</p> <p>Each independent director had abstained in the deliberation of their own independence during the evaluation. It was concluded that the independence of all Independent Directors was not compromised or impaired.</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 has adopted a Board Diversity Policy which acknowledges the importance of diversity in its Board composition, in terms of business experience, geography, age, gender, ethnicity and aboriginal status to provide the necessary range of perspective, experience and expertise required are well balanced in order to achieve effective board stewardship. The Board currently has two female members in the Board and set a policy that at least one member of the Board will be of the female gender which is contained in the Board Charter of the Company.</p> <p>The NRC is responsible to oversee the selection criteria and recruitment process and recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board taking into consideration the candidates' :-</p> <ul style="list-style-type: none">- competencies, commitment, contribution and performance ;- professionalism ;- integrity ; and- in the case of candidates for the position of independent non executive directors, the candidates' ability to discharge such responsibilities/functions as expected from independent non executive directors <p>The role of the NRC is detailed in its Terms of Reference, which is accessible for reference on the MCE's website at http://www.multicode.com.my.</p> <p>The Board had adopted a Fit and Proper Person Policy in June 2022, to ensure that the Board's quality and integrity is maintained and up to expectations. It also serves as guidance for the appointment, re-election of Directors and the appointment of key management personnel to carry out their responsibilities with full competence, character, diligence, integrity and judgement. The main objective of this Policy is to ensure that the Group is led by persons of integrity, credibility and competency as well as to enable the discharge of the responsibilities required of the position in the most effective manner.</p>

	The Company's Fit and Proper Person Policy is available on the http://www.multicode.com.my .	
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 5.6

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	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to up holding high standards of governance in respect of new appointments to the Board to ensure that the Board conform with the Company's Fit and Proper Policy and comprised of Directors who have the necessary skills, competencies, commitment, character, integrity and experience to complement the efficiency and effectiveness of the Board as a whole.</p> <p>The NRC is entrusted with the responsibility to review, propose and recommend the appointment of potential new Directors after taking into consideration the current and future needs of the Company.</p> <p>The NRC which is responsible for reviewing the effectiveness of the Board as a whole, the Board Committees, the contributions of the individual Directors and the Independence of the Independent Directors, will where appropriate, make its recommendations to the Board on the need to increase the Board size, the composition, the necessary skills, calibre and experience required and where available the potential candidates for appointment.</p> <p>The NRC will where practical maintain a database of potential candidates. Potential candidates can be sourced from</p> <ul style="list-style-type: none">- existing Directors and substantial shareholders of the Company.- existing Senior Management employees.- professional bodies and organisations.- business associates, shareholders.- others. <p>Upon a decision being made by the Board to appoint Directors;</p> <p>a) The NRC will identify suitable candidates from its available database or sources maintained taking into consideration the required skills, competencies and experience, Company's Fit</p>

	<p>and Proper Policy and such other parameters as may be determined by the Board.</p> <p>b) The Chairman of the NRC and the Group Managing Director or the Group Executive Director will meet with the identified candidates to assess/reassess their suitability for appointment.</p> <p>c) The identified candidate if cleared by the NRC will then be recommended to the Board for appointment.</p> <p>d) Prior to their appointment, the identified candidates will be invited to an introductory meeting with the full Board to enable the full Board to form an opinion and assessment on the identified candidates recommended by the NRC.</p> <p>e) Subsequent or further meetings with the candidates may be arranged to the satisfaction of the Board, should the need arise.</p> <p>f) The discretion to accept or reject a candidate rests with the full Board of Directors.</p> <p>In March 2022, the Board appointed an Independent Non-Executive Director through an independent source. Whereas in August 2022, the Board appointed an Independent Non-Executive Director of female gender based on recommendation from existing Board members after endeavouring to source for a suitable female director.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 profiles of Directors are published in the Annual Report 2022 and on the Company's website. These include their age, gender, date of appointment, directorate, details of any board committee, directorships in other public companies and listed companies, qualification, working experience, and any conflict of interest as well as their shareholdings in the Company.</p> <p>The following Directors will be due for retirement at the 7th Annual General Meeting ("7th AGM") :- .</p> <ol style="list-style-type: none">1. Mr Tai Lam Shim, retiring under Clause 133;2. Mr Law Sang Thiam, retiring under Clause 118; and3. Ms Fong Jed See, retiring under Clause 118. <p>Clause 133 of the Company's Constitution provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the AGM. Whereas Clause 118 of the Company's Constitution provides that any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next AGM and shall then be eligible for re-election.</p> <p>The NRC reviewed their Declaration made in accordance to Fit and Proper Policy that they have fulfilled with the fit and proper person criteria relating to their Probity, Personal Integrity and Reputation and Financial Integrity.</p> <p>The NRC's also reviewed on the performance of the Directors and having noted their significant and valued contributions to the Board, the NRC had recommended their re-election to the Board and the Board had concurred with such recommendation and are recommending that shareholders re-elect the said Directors at the forthcoming 7th 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	:	<p>The membership classification of the NRC is set out in its term of reference. The current Chairman of the NRC is the Senior Independent Director, Ms Fong Jed See and its composition comprised exclusively of Non-Executive Directors and a majority of whom are Independent Directors as follow:</p> <p><u>Chairman</u></p> <p>Ms Fong Jed See – Senior Independent Non-Executive Director (Appointed as Chairman of NRC on 10 August 2022)</p> <p><u>Members</u></p> <p>Mr Tai Lam Shin – Non-Independent Non-Executive Director (Redesignated as Non-Independent Non-Executive Director on 10 August 2022)</p> <p>Mr Law Sang Thiam - Independent Non-Executive Director (Appointed as member of NRC on 28 March 2022)</p> <p>Tan Sri Abd Rahman Bin Mamat had resigned as member of NRC on 10 August 2022.</p> <p>The primary responsibilities of the NRC are set out in detail in its Term of Reference which can be reviewed from MCE's website at http://www.multicode.com.my.</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 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	Currently, the Board has two (2) female Directors and four (4) male Directors that constitutes 30% female representation on the Board	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	MCE has adopted a Board Diversity Policy which is contained in the Board Charter of the Company and available at Company’s website www.multicode.com.my . Currently, there is two (2) female director in the Board.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to 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 through its NRC carries out an annual assessment on the effectiveness of the Board as a whole, the Boards' Committees and the performance and contribution of each individual director.</p> <p>In addition, an evaluation of the performance and effectiveness of the Chairman of the Board, the Chairman of the Boards' Committees and the Senior Independent Director was also assessed annually.</p> <p>The annual assessment is carried out by the NRC in accordance with a formal and objective process adopted by the Board, by way of peer assessment.</p> <p>All members of the Board are required to complete an annual questionnaire for submission to the NRC before 31 July of each year or such other dateline determined by the NRC.</p> <p>These evaluations set out in the questionnaires will be discussed and summarised by the NRC and such evaluations and recommendations are then tabled to the Board. Thereafter any recommendations or revisions made by the Board are then forwarded to the Chairman of the NRC for follow up action and forms the basis for the next year's evaluation.</p> <p>In the process for assessment on the performance and effectiveness of the Individual Directors, the identity of the peer will remain anonymous to achieve an honest view and perspective.</p> <p>The evaluation questionnaire may be reviewed, varied and improved upon at the discretion of the NRC.</p> <p>The areas covered under the evaluation questionnaires can be summarised as follows;</p>

	<ol style="list-style-type: none"> 1. In Respect of the Performance of the Board as a Whole; <ul style="list-style-type: none"> - Board composition. - Strategy, Values and Standards. - Board meeting dynamics. - Integrity of Corporate and Financial Reporting. - Human Capital / Succession Planning. - Risk Management and Internal Control. - Investor Relations / Communication. - Corporate Governance and Sustainability. 2. In respect of Performance of the Board's ARMC; <ul style="list-style-type: none"> - Terms of Reference, Purposes and Functioning. - Composition, Independence and Financial Literacy. - Process adopted to meet its purpose. 3. In respect of Performance of the Board's NRC; <ul style="list-style-type: none"> - Terms of Reference, Purposes and Functioning. - Composition, Independence and Objectivity. - Process Adopted to meet its purpose. 4. In respect of Performance of Individual Directors; <ul style="list-style-type: none"> - Meeting attendance. - time commitment. - contribution and participation in respect of corporate financial business and operational issues. 5. In respect of Performance of the Chairman of the Board; <ul style="list-style-type: none"> - qualification, experience, characteristic and leadership qualities. - encouragement of active participation by Board members, establishment and monitoring of good corporate governance practices. - provision of effective communication between Board members, senior management, shareholders and other stakeholders. 6. In respect of Performance of the Chairman of the ARMC; <ul style="list-style-type: none"> - qualification, experience, characteristic and leadership qualities. - encourage active participation by all Committee members, and ensures members are fully informed and kept abreast with all significant matters related to the Company's risks, audit and its financial statements, relevant current developments in accounting and auditing standards, practices and rules. - ensure effective communication and co-ordination between ARMC members with the Board, internal and external auditors and all stakeholders. 7. In respect of Performance of the Chairman of the Nomination and Remuneration Committee;
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	<ul style="list-style-type: none"> - qualification, experience, characteristic and leadership qualities. - encourage active participation by all Committee members, lead the NRC in establishing and monitoring the Company's succession planning, appointment of board members, including the Chairman of the Board, the Boards' Committees and the Managing Director of the Company. - lead the NRC in the annual review and evaluation to determine the effectiveness of the Board, its Committees and each individual directors. - lead the NRC in the annual review and determination of Director's remuneration and all matters relating to remuneration of Board and senior management including the setting of policies on remuneration. <p>8. In respect of Performance of the Senior Independent Non-Executive Director;</p> <ul style="list-style-type: none"> - Senior Independent Non-Executive Director's understanding of the Board's dynamics, values and philosophy. - acting as a confidant and intermediary to all Board members, acting as a sounding board to the Chairman and giving counsel to the Chairman of the Board on matters relating to the Board's dynamics. - provision of leadership support and advice to Board members in the event the Board undergoes a period of stress. <p>The annual assessment for the financial year ended 31 July 2022 was carried out in September 2022 and the outcome reported on pages 20 to 22 of the Corporate Governance Overview Statements in the 2022 Annual Report.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 NRC and Board had adopted a formal and transparent remuneration policy for the Board and Senior Management to attract and retain directors which is aligned with the business strategy and long term objectives of the Company taking into consideration that the remuneration should reflect the Board's responsibilities, expertise and complexity of the Company's activities.</p> <p>The NRC during the year under review had:</p> <ul style="list-style-type: none">i. Reviewed the revised Remuneration Policy and Procedures for Directors and Senior Management;ii. Reviewed performance and remuneration of the GMD and GED covering directors' fees, bonuses, benefit in kind and salary increment based on key performance indicators;iii. Reviewed the Directors' benefit for Non-Executive Directors;iv. Reviewed the proposed basis for provision of Directors' fees for Board's Chairman and Board Committee Chairman; in accordance with the policy . <p>The Remuneration Policy on Directors and Senior Management is available at MCE's website at http://www.multicode.com.my.</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 NRC comprises comprised exclusively of Non-Executive Directors and a majority of whom are Independent Directors. The primary responsibilities of the NRC are set out in details in its Terms of Reference which can be viewed from MCE's corporate website at http://www.multicode.com.my.</p> <p>The Board is satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its remuneration functions, which include amongst others, establishing the remuneration policy for Directors and Senior Management's Remuneration, reviews of the remuneration policies for the Board, Board Committees, the Executive Directors and key management personnel.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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	:	<p>In line with corporate governance best practice, the disclosure of the Directors' remuneration on a named basis is set out in the table below:-</p> <p>The details of remuneration of Directors for the financial year ended 31 July 2022 for MCE and Group level are as follows</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	TAN SRI ABD RAHMAN BIN MAMAT	Independent Director	96	8	0	0	0	0	104	0	0	0	0	0	0	0
2	DR GOH KAR CHUN	Executive Director	48	0	0	0	0	0	48	0	0	1,123	545	33	318	2,019
3	TAI LAM SHIN	Non-Executive Non Independent Director	66	8	0	0	0	0	74	0	0	0	0	0	0	0
4	LAW SANG THIAM	Independent Director	23	3	0	0	0	0	26	0	0	0	0	0	0	0
5	GOH ANNE	Executive Director	48	0	0	0	0	0	48	0	0	333	151	9	96	589
6	LOO SHEN CHANG (Resigned on 26 November 2021)	Independent Director	19	3	0	0	0	0	22	0	0	0	0	0	0	0
7	LIM MING KEE (Resigned on 18 January 2022)	Independent Director	8	2	0	0	0	0	10	0	0	0	0	0	0	0

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	:	<p>The Board is of the view that the disclosure of the senior management's remuneration will impinge on the confidentiality and privacy of the respective individuals and may result in negative repercussions on the Group's human resources taking into consideration the size and dynamics of the Group's current operations.</p> <p>The Board is of the view that the negative repercussions and implications far outweigh the benefits to be derived from adopting the disclosures under the recommended practice 8.2.</p> <p>Disclosure of the remuneration of the Directors on a named basis has been made in line with Practice 8.1. The Board is entrusted with the stewardship role in driving the performance of the Group and its results reflected in the disclosures made in the audited financial statements of the Group.</p> <p>In MCE, the assessment of the senior management to ensure that their remuneration is commensurate with their individual performance taking into consideration the Company's performance is entrusted to the Board's NRC.</p>
<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	0-50,000	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 Company's ARMC is chaired by Mr Law Sang Thiam who is an accountant by profession and a member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysia Institute of Accountants (MIA).</p> <p>The Chairman of the Board is Tan Sri Abd Rahman Bin Mamat, an Independent Non-Executive Director.</p> <p>As such, the Chairman of the ARMC is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the ARMC assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations.</p> <p>The detailed Terms of Reference of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC are published and available on MCE's website at http://www.multicode.com.my.</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 ARMC comprises of three (3) members, exclusively of Non-Executive Directors and a majority of whom are Independent Directors. At present, none of the ARMC members were former key audit partners of the Company’s external auditors.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy stipulation that governs the appointment of a former key audit partner to the ARMC.</p> <p>The policy, which is codified in the ARMC’s Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least three (3) years before he can be considered for appointment as a Committee member.</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

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 ARMC has adopted a procedure to assess the suitability, objectivity and Independence of the External Auditors.</p> <p>The ARMC carried out the assessment of the performance, suitability, objectivity and independence of Messrs Crowe Malaysia PLT based on an assessment questionnaire which took into consideration assessment criteria such as the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. Messrs Crowe Malaysia PLT were also requested to furnish a declaration of the Independence to the Company as part of these procedures.</p> <p>The ARMC has been generally satisfied with the independence, performance and suitability of Messrs Crowe Malaysia PLT based on the assessment and are recommending to the Board and shareholders for approval for the re-appointment of Messrs Crowe Malaysia PLT as External Auditors for the Financial Year Ending 31 July 2023.</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>The ARMC comprises three (3) members as follows:</p> <p><u>Chairman</u> Law Sang Thiam - Independent Non-Executive Director (Appointed as Chairman of the ARMC on 28 March 2022)</p> <p><u>Member</u> Tai Lam Shin - Non-Independent Non-Executive Director (Redesignated as Non-Independent Non-Executive Director on 10 August 2022)</p> <p>Fong Jed See - Senior Independent Non-Executive Director (Appointed as member of ARMC on 10 August 2022)</p> <p>Tan Sri Abd Rahman Bin Mamat had resigned as member of ARMC on 10 August 2022.</p> <p>Collectively, the ARMC possesses a wide range of necessary skills to discharge its duties. All ARMC members are financially literate, whilst the Chairman of the ARMC is a member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysia Institute of Accountants (MIA), and thus, fulfilling paragraph 15.09(1)(c) of MMLR, which requires at least one member of the ARMC to be a member of a professional accountancy body.</p> <p>The profiles of all the members of the ARMC are set out on page 11 to 12 of the Annual Report 2022. Mr Tai Lam Shin is also an Accountant by profession while Ms Fong Jed See has been in legal practice for 25 years.</p>

	<p>All members of the ARMC have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. During the reporting year, the ARMC members had attended training courses. Details of their training can be seen on page 16 to 18 of the 2022 Annual Report.</p> <p>During the ARMC Meetings, the members were briefed by the external auditor, Messrs. Crowe Malaysia PLT on the following key areas:</p> <ul style="list-style-type: none"> • Financial Reporting developments; • Adoption of Malaysian Financial Reporting Standards; • Other changes in regulatory environment. 	
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 Company through its Board has established an existing Enterprise Risk Management Framework which is overseen by a Risk Management and Sustainability Working Committee ("RMSWC") which is chaired and led by the Group Managing Director ("GMD"). The members of this RMSWC comprise of selected heads of department and other management personnel as deemed appropriate by the GMD.</p> <p>The Group continues to maintain and retain its generic control framework in its operations. These generic internal controls which have been embedded in the business processes and activities are the management reporting structure, authority and approval limits and procedures, segregation of duties, budgeting, management review procedures as well as the periodic reporting and review of performance.</p> <p>In addition, the manufacturing arm of the Group is certified under the ISO 14001: 2015 Environmental Management System Certification and the new International Automotive Task Force (IATF) 16949, the harmonised standard for automotive supply chain. These management systems formed the basis of operational procedures in the production processes. Internal quality audits are carried out on annually basis while annual surveillance audits are conducted by external certification body to provide assurance of compliance with the ISO and IATF 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

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	:	The Board has disclosed the key features of its risk management and internal control system in detail in the Statement on Risk Management and Internal Control on page 38 to 41 of the Annual Report 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Not Adopted
Explanation on adoption of the practice	:	

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>MCE's internal audit function is outsourced to a professional internal audit services company, to assist the Board and ARMC in providing an independent assessment on the adequacy, efficiency and effectiveness of the MCE's internal control system.</p> <p>During the year under review, the outsourced internal audit function carried out audits in accordance with the risk-based internal audit plan approved by the ARMC. The internal audit plan was developed taking into consideration the Group's risk profiles and concerns of Executive Management and the ARMC.</p> <p>To support the ARMC in discharging their responsibilities, the Internal Auditors reports directly to the ARMC.</p> <p>Further details of the internal audit activities are set out in ARMC Report and Statement on Risk Management and Internal Control of the Annual Report 2022.</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>MCE's internal audit function is outsourced to a professional services firm, to assist the Board and ARMC.</p> <ol style="list-style-type: none">1. The outsourced Internal Audit personnel are free from any relationship or conflicts of interest with any members of the staff or management of the Group.2. The number of resources assigned by the outsourced Internal Audit department for the Company normally ranges from 4 to 5 persons per visit.3. The person responsible for internal audit Mr. Chang Ming Chew, an Executive Director with Tricor Axcelasia Sdn Bhd. Mr Chang holds the certifications of Certified Information Systems Auditor, Certified Internal Auditor, and Certification in Risk Management Assurance; and is a member of the Institute of Internal Auditors Malaysia, the Association of Chartered Certified Accountants (UK), and the Malaysian Institute of Accountants. <p>The Outsourced IA adopts a risk-based approach and prepares its audit strategy and audit plan based on the risk assessment of the business units of the Group. The work performed by the Outsourced IA is guided by, in all material respect, the International Professional Practices Framework for Internal Auditing from the Institute of Internal Auditors.</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 communications with its stakeholders and is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis. The Board had in place a Stakeholders Communication Policy which sets out the aims and practices of the Company in respect of communicating with its stakeholders (both current and prospective) and the Corporate Disclosure Policy:</p> <ul style="list-style-type: none">• To promote and elevate a high standard of integrity and transparency through timely comprehensive, accurate, quality and full disclosure.• To promote and maintain market integrity and investor confidence.• To exercise due diligence to ensure the veracity of the information being disseminated is factual, accurate, clear, timely and comprehensive.• To build good relationship with all stakeholders based on transparency, openness, trust and confidence.• To have in place efficient procedures for management of information, which promotes accountability for the disclosure of material information. <p>The detailed Stakeholders Communication Policy and Corporate Disclosure Policy are available on MCE's corporate website at http://www.multicode.com.my.</p> <p>During FY2021, the Board ensured the supply of clear, comprehensive and timely information to the stakeholders via the following:</p> <ul style="list-style-type: none">a) Publication of 2021 annual report;b) Provide all relevant disclosures including quarterly financial results of the MCE by way of announcement through Bursa link;c) Frequent updating of information relevant to Investor Relations, such as annual report, financial results and announcements through MCE's website;

	d) Engagement with shareholders through 2021 Annual General Meeting where the Chairman highlighted to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and review of the performance of the company during Annual General Meeting.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The 7th AGM of MCE will be held on 22 December 2022. The notice of at least 21 days prior to the date of the Annual General Meeting is in accordance with the provision of the Constitution and Companies Act 2016 which the Board is of the opinion already allows sufficient time for the shareholders to consider the proposed resolutions to be tabled at the Annual General Meeting.</p> <p>In addition, the notice of Annual General Meeting also included details and relevant explanatory notes to the resolutions proposed to enable the shareholders to make informed decisions in exercising their voting rights.</p> <p>The Annual Report 2022 together with the Notice of the 7th AGM dated 29 November 2022 is also available on MCE's website http://www.multicode.com.my.</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

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>All Directors, including members of ARMC and NRC, attended the 6th Annual General Meeting held on 22 December 2021 (“6th AGM”) to interact directly with the Company’s shareholders. The Management and the External Auditors were also present to answer any relevant shareholder’s queries. During the question and answer session, the Chairman opened the floor to the shareholders to raise questions related to the Company’s financial statements and any other items on the meeting’s Agenda, before putting the resolutions to vote. The summary of key matter discussed, if any, will be published on the Company website in accordance to the requirement of the Listing Requirements.</p> <p>The presence of all directors presented opportunities for the shareholders to engage with each Director and also allowed the shareholders to raise questions and concerns directly to the Directors.</p> <p>All Directors, including members of ARMC and NRC will be attending the 7th AGM scheduled to be held on 22 December 2022.</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

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	:	MCE’s 6 th AGM was held on 22 December 2021 by leveraging on current available technology. The AGM on 22 December 2021 was a virtual meeting held and broadcast live via Remote Participating and Voting Platform and shareholders were able to participate and exercise their votes via their computers or mobile device from any location	
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 13.4

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>All Directors, including members of ARMC and NRC, attended the 6th AGM held on 22 December 2021 to interact directly with the Company's shareholders. The Management and the External Auditors were also present to answer any relevant shareholder's queries.</p> <p>During the question and answer session, the Chairman opened the floor to the shareholders to raise questions related to the Company's financial statements and any other items on the meeting's Agenda, before putting the resolutions to vote. The summary of key matter discussed had published on the Company website in accordance to the requirement of the Listing Requirements.</p> <p>The presence of all directors presented opportunities for the shareholders to engage with each Director and also allowed the shareholders to raise questions and concerns directly to the Directors.</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.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>MCE's 6th AGM was held on 22 December 2021 by leveraging on current available technology. The AGM on 22 December 2021 was a virtual meeting held and broadcast live via Remote Participating and Voting Platform and shareholders were participated and exercised their votes via their computers or mobile device from any location.</p> <p>The Administrative Guide for Shareholders to attend the 6th AGM was circulated together with the Notice of 6th AGM. The shareholders of the Company were guided accordingly for their participation in the AGM.</p> <p>During the 6th AGM, questions from shareholders which were raised during the meeting as well as the Company's response to the same were shared with all shareholders during the Question & Answer session at the AGM. The summary of key matter discussed had published on the Company website in accordance to the requirement of the Listing 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

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	:	Applied
Explanation on application of the practice	:	The minutes of the forthcoming 7 th AGM will be circulated and made available to all shareholders and stakeholders not later than 30 business days after the 7 th AGM on the Company's website at http://www.multicode.com.my .
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	:	

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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