

Corporate Governance Overview Statement



The Board of Directors (“the Board”) of Malayan Flour Mills Berhad (“the Company”) strives to ensure that good corporate governance is embraced in the conduct of the businesses and affairs of the Company, its subsidiaries and joint ventures (“the Group”) as it is the Board’s fundamental responsibility to protect and enhance long-term shareholder value and the financial performance of the Group, whilst taking into account the interest of all stakeholders.

The Board recognises that the practice of good corporate governance, by being ethical, accountable and transparent, is vital for the sustainability of the Group. The Board makes adjustments as may be appropriate with the ultimate objective of continuously enhancing the business processes, stakeholder value and increasing the confidence of the investors and customers.

The Board has been guided by the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) in its corporate governance practices. Whilst ensuring compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Listing Requirements”) and the Companies Act 2016, the Board always keep abreast with the developments in industry practices and the requirements by other relevant regulations to uphold the highest level of corporate governance throughout the Group.

This statement provides an overview of the corporate governance practices of the Company in respect of financial year ended 31 December 2023 and to be read together with the Corporate Governance Report of the Company (“CG Report”) which is available on the Company’s website at www.mfm.com.my. The CG Report discloses the Company’s application of each practice set out in the MCCG 2021.

This overview statement describes the approaches that the Company has taken with respect to the 3 key principles of the MCCG 2021 as follows:

- A. Board Leadership and Effectiveness
- B. Effective Audit and Risk Management
- C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Roles and Responsibilities of the Board

The Board plays a role in providing stewardship and control of the Group’s business and affairs on behalf of shareholders with due consideration on the impact of the Group’s activities on its stakeholders. The Board is responsible for the oversight and overall management of the Group by providing guidance and direction to the management with regards to the sustainability, strategic planning, risk management, succession planning, financial and operations to meet the expectations and obligations to the shareholders and various stakeholders.

Amongst the key responsibilities of the Board are as follows:

- Review and approve short and medium terms strategic plans
- Monitor the progress of the Group’s businesses to evaluate whether the businesses are properly managed to achieve its targeted returns and sustainability
- Establish goals for management and monitor the achievement of these goals
- Identify principal business risks faced by the Group and ensure the implementation of appropriate internal controls and mitigating measures to address the risks
- Review the adequacy of the internal control systems



Corporate Governance Overview Statement (cont'd)

- Review succession and human resource plans
- Consider management's recommendations on key issues including investments, acquisitions, funding and significant capital expenditure

The Board delegates the day-to-day management of the Group to the Executive Deputy Chairman cum Managing Director who further cascades the delegation to the management team. Both the Executive Deputy Chairman cum Managing Director and management team remain accountable to the Board for the authority delegated to them and brief the Board on the general business environment, financial performance, operational progress, business outlook and action plans of the Company, the operating subsidiaries and joint ventures of the Company on a quarterly basis.

Significant matters reserved for the consideration of the Board include the following:

- Approval of financial statements including accounting policies of the Group
- Declaration of dividends
- Approval of annual budget
- Approval for the appointment and remuneration of Directors and Senior Management staff
- Proposed corporate exercise
- Borrowings from financial institutions
- Acquisition and disposal of assets
- New investments such as joint venture

As for the succession planning, the Board is responsible in reviewing candidates for the appointment of Director and key management positions. The Executive Deputy Chairman cum Managing Director updates the Board from time to time on the details of the programmes for management development such as coaching, leadership and technical training. The Board also reviews the remuneration of the Directors and key Senior Management to ensure that their remuneration packages are sufficiently attractive to attract and retain the talents.

Separation of positions of the Chairman and Executive Deputy Chairman cum Managing Director

The Board Charter provides clear division of responsibility between the Chairman and the Executive Deputy Chairman cum Managing Director to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Datuk Oh Chong Peng, who is a Non-Independent Non-Executive Director, is the Chairman of the Board. He is responsible for leading and ensuring the Board effectiveness and compliance with corporate governance. He acts as a facilitator at Board meetings and general meetings to ensure that the meetings are carried out smoothly according to their agenda.

Mr Teh Wee Chye is the Executive Deputy Chairman cum Managing Director of the Company and leads the day-to-day management of the Group. He, together with the support of the management team, formulate business strategies and plans to achieve the Group's vision and missions, targeted growth, turnover and profitability to meet the stakeholders' expectation. He is responsible for implementing the policies and decisions of the Board and coordinating the implementation of business and corporate strategies.

The Chairman and Executive Deputy Chairman cum Managing Director have regular dialogues over all operational matters. Between Board meetings, the Chairman maintains an informal link between the Board and the Executive Deputy Chairman cum Managing Director, expects to be kept informed by the Executive Deputy Chairman cum Managing Director on all important matters and is available to the Executive Deputy Chairman cum Managing Director to provide counsel and advice where appropriate.



Board Meetings and Time Commitment

The Board meets at least 6 times annually with quarterly meeting being held to review amongst other matters the business progress report and financial results. Board meetings for the ensuing financial year are scheduled prior to the commencement of that year to enable the Board and management to plan their schedule ahead. Additional meetings are convened in between scheduled meetings when Board's decision is required for urgent and important proposals or matters. Where appropriate, the Board's decision may be made via Circular Resolution in between scheduled meetings. Decisions of the Board are made unanimously or by consensus.

For the Board to deliberate effectively on agenda of the meetings, relevant meeting papers will be furnished to the Directors in advance of each meeting. This allows the Directors sufficient time to peruse the papers and have productive discussion and make informed decision at the meeting.

All deliberations and decisions made by the Board are properly recorded by the Company Secretary by way of minutes of the meetings. Minutes of proceedings and resolutions passed at each Board and Board Committees meetings are kept in the minutes book at the registered office of the Company.

In the event of a potential conflict of interest, the Director in such position will make a declaration to that effect as soon as practicable at the Board meeting. The Director concerned will then abstain from any decision-making process in which he has an interest in.

The Board is satisfied with the level of time commitment given by all the Directors towards fulfilling their duties and responsibilities as Directors of the Company. This is reflected by their full attendances at the Board and various Board Committees meetings held during the year as set out in the table below:

Name of Directors	Board	Audit & Risk Management Committee	Nomination Committee	Remuneration Committee
<i>Non-Independent</i>				
Datuk Oh Chong Peng	6/6	5/5	1/1*	4/4
Teh Wee Chye	6/6	-	-	2/2*
Dato' Seri Zainal Abidin bin Mahamad Zain	6/6	3/3*	1/1	-
Prakash A/L K.V.P Menon	6/6	-	1/1*	4/4
Azhari Arshad	6/6	-	-	-
Lim Pang Boon	6/6	-	-	-
<i>Independent</i>				
Quah Poh Keat	6/6	5/5	0/0#	-
Datin Paduka Setia Dato' Dr Aini binti Ideris	6/6	-	1/1	4/4
Dato' Maznah binti Abdul Jalil	6/6	5/5	-	4/4

* Resigned as member of the Committee effective from 31 May 2023

Appointed as member of the Committee effective from 31 May 2023

All the Directors have complied with the requirement to attend at least 50% of the Board meetings held in the financial year pursuant to the Listing Requirements.

Besides attending Board and Board Committees meetings, as their commitment in discharging their duties and responsibilities, some Directors had also attended offsite meetings with relevant authorities and discussion meetings with management.



Corporate Governance Overview Statement (cont'd)

In addition, all the Directors of the Company do not hold directorships at more than five public listed companies as prescribed in paragraph 15.06 of the Listing Requirements and thus, able to commit sufficient time to the Company. For notification to the Companies Commission of Malaysia as well as monitoring purpose, the Directors are required to notify the Company on any changes in their other directorship of public companies or subsidiaries of public companies.

Access to Advice and Information

In order for the Board to effectively discharge its duties and responsibilities, the Directors are provided with full, complete and unrestricted access to timely and accurate information. All Board and Board Committee members are provided with the agenda and reports relevant to the business of the meeting in advance so that the Directors have sufficient time to prepare and deliberate on the issues prior to the meeting.

Senior Management members are also invited to attend Board meetings to provide the Board with their views and explanations on certain agenda items tabled to the Board and to furnish their clarification on issues that may be raised by Directors.

In addition, the Directors may request for independent advice from the relevant professionals for the discharge of their duties, at the Company's expense.

Qualified and Competent Company Secretary

In furtherance of their duties, the Directors have access to the advice and services of the Company Secretary who satisfied the qualifications as prescribed under Sections 235(2) and 241 of the Companies Act 2016. The Company Secretary is responsible for ensuring that Board meeting procedures are adhered to and that applicable laws, rules and regulations are complied with. The Board is updated and advised by the Company Secretary from time to time on new statutes and directives issued by the regulatory authorities.

The Company Secretary organises and attends all the Board and Board Committees meetings as well as the General Meetings and ensures accurate records of the proceedings and decisions of the meetings are made and properly kept.

The Company Secretary also notifies the Directors on each closed period for dealing in the Company's listed securities, based on the targeted dates of announcements of the Group's quarterly results and in accordance with the period defined in Chapter 14 of the Listing Requirements, before the commencement of each closed period as prior notice of the closed period. The Directors are also being advised on the procedure for dealing in the Company's listed securities during the closed period to aid them in complying with the Listing Requirements.

The Company Secretary always keeps abreast of the evolving regulatory changes and developments in corporate governance through continuous training as she plays an important role in advising the Board on updates relating to new statutory and relevant regulatory requirements.

Directors' Continuing Development

The Directors of the Company have continued to attend and participate in various programmes which they have individually or collectively considered as relevant for them to keep abreast with the changes in regulations and trends in the business practices, environment and markets.

From time to time, the Board will be updated on the companies and securities legislations and other relevant rules and regulations at the Board and Board Committees meetings, in order to acquaint them with the latest developments in these areas. Beside this, the Directors also receive regular briefings and updates from the management on the Group's businesses, operations, risk management, internal controls, sustainability initiatives, corporate governance and finance as well as global and local business environment.



In addition, the Company Secretary also receives regular updates on training programmes from Bursa Securities and various organisations which will be circulated to the Directors for their consideration.

The Company Secretary facilitates the participation of the Directors in the external training programmes and keeps record of the trainings attended by all the Directors.

For the year under review, the Directors had attended various appropriate seminars, conferences, workshop and courses covering leadership, corporate governance, economy, environmental sustainability, grains, poultry and agriculture of the following topics:

- Leadership Conference
- Mandatory Accreditation Programme Part II: Leading for Impact
- Soyabean Meal Workshop
- International Conference on Tropical Agriculture
- Suite Talk – Inside Stories of Sustainability Champions
- Congress of the World Veterinary Poultry Association
- Bursa: Conflict of Interest (“COI”) and Governance of COI

Board Charter

The roles and functions of the Board are clearly defined in the Board Charter which regulates how business is to be conducted by the Board in accordance with the principles of good Corporate Governance. The Board Charter was last revised in 2023 to reflect the changes in the composition of the Independent and Non-Independent Directors in the Board, changes in Board Committees and set a limit on the tenure of an Independent Director to not more than a cumulative period of 12 years. The Board Charter is available on the Company’s website.

Code of Conduct

The Company’s Code of Conduct (“Code”) is in force across the Group and all employees must comply with it. Disciplinary action may be taken against employees who are found guilty for non-compliance with the Code. The Code sets out the ethical standards of conduct that all employees are expected to comply with in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment.

Every employee must display and behave in a manner which is consistent with the Group’s philosophy and core values. The following Code of Conduct must be adhered to at all times by all employees within the Group:

- a. Demonstrating commitment
- b. Living the core values of the Group
- c. Avoiding conflict of interest
- d. Preventing bribery and corruption
- e. Practising confidentiality and data protection
- f. Communicating externally and internally with ethics and within authority
- g. Protecting company assets and resources
- h. Giving equal opportunity, non-discrimination and fair employment
- i. Ensuring safety and protecting the environment
- j. Prohibiting insider trading
- k. Complying with Antitrust and Competition Laws

The Code is subject to change and review as and when it is deemed necessary by the Company. The Code was last revised in 2022 to enhance the policy with new clauses, definitions and disclosure form.



Corporate Governance Overview Statement (cont'd)

As personal commitment to the Code, each employee of the Group is required to make a declaration that he/she has been furnished a copy of the Code, has read and understood the Code, accepted to comply with the Code and understood that any breach of the Code may result in disciplinary action being taken against him/her. The Code is available on the Company's website.

Policy and Guidelines on Gifts and Entertainment

In line with good practice of corporate governance in the conduct of business and affairs of the Group and as part of the measures to avoid conflict of interest and prevention of bribery and corruption in compliance with Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), the Group has adopted the Policy and Guidelines on Gifts and Entertainment ("Policy and Guidelines") on 6 July 2020.

The Policy and Guidelines apply to the Board of Directors, officers and employees, including contractual employees, consultants, agents and person associated with the Group ("Associated Persons").

The Group requires its Associated Persons to abide by the Policy and Guidelines to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealing between the Group and external parties as a gift can be seen as a bribe that may tarnish the Group's reputation or be in violation of anti-bribery and corruption laws.

The Policy and Guidelines were published on the Internal Newsletter for the attention of all the existing employees as well as notified to the suppliers and customers via letter or email. All new recruits will also be briefed on the Policy and Guidelines during the onboarding programme.

For enhancement, the Policy and Guidelines were revised in 2022 with new clauses, definitions and declaration form.

The Policy and Guidelines are also published on the Company's website.

Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place. The objectives of the Standard Operating Procedures & Policy ("SOPP") on Whistle Blowing Policy are as follows:

- a. To instill the highest level of corporate governance in the Group;
- b. To encourage and enable all employees to raise genuine concerns within the Group rather than overlooking a problem. Employees are reminded to conduct the business at the highest ethical and legal standards; and
- c. To set a procedure for all employees to give information on non-compliances to the Code of Conduct, regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions.

A Whistle Blowing Policy for external parties is published on the Company's website.

All employees or any person who has dealings with the Group may report any suspected fraud, misconduct or any integrity concerns to Mr Quah Poh Keat, Senior Independent Non-Executive Director of the Company, via the email address at whistleblowing@mflour.com.my.

Sustainability Management

The Board together with the Management are committed and responsible towards the governance of sustainability in the Group including setting the sustainability strategies, priorities and targets. Detailed information on the Group's approaches towards addressing sustainability risks and opportunities are provided in the Sustainability Report on pages 28 to 83 of this Annual Report.



II. Board Composition

Composition and Balance of the Board

There are currently 9 Directors on the Board comprising 2 Executive Directors and 7 Non-Executive Directors of whom 3 are Independent Directors. The size and composition of the Board provides for a diversity of views, the desired level of objectivity and independence in Board deliberations and decision-making.

The Directors of the Company are persons of high integrity and calibre who come from diverse backgrounds with expertise and skills in banking, finance, accounting, manufacturing, retailing, property development, public services, education and legal.

The present Board composition complies with paragraph 15.02 of the Listing Requirements which require a minimum of 2 directors or 1/3 of the Board to be independent directors, whichever is the higher.

The Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience in varying stages of business development and internationally, personal characteristics, skills and knowledge. Currently, the Board comprises amongst others, diverse professional experience, ethnicity, age and gender diversity with 2 women Directors on the Board which represent 20% of the Board.

The size and composition of the Board are reviewed annually by the Nomination Committee via the Performance Evaluation. The Board is satisfied with the current composition in terms of size, skills and experience, diversity of age, gender and background which has ensured well-balanced views to facilitate effective decision making.

As the Company practices equal opportunity and non-discrimination in any form, the selection criteria for appointment of Director continued to be based on merit, calibre, skill and knowledge which are relevant to the Group. A brief profile of each Director of the Company can be found on pages 5 to 13 of this Annual Report.

Appointment and Re-election of Directors

The procedures for appointments to the Board are formal and transparent. The Company has a Directors' Fit and Proper Policy ("Policy") which serves as a guide to the Nomination Committee and the Board in their review and assessment of candidates for appointment onto the Board as well as Directors who are seeking for re-election. The Policy also sets out the fit and proper criteria for the appointment and re-election of Directors. The Policy is to ensure that each of the Directors possesses the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to discharge his/her role and responsibilities as a Director.

The Nomination Committee shall assess each candidate for new appointment as Director based on the fit and proper criteria as spelt out in the Policy before recommending to the Board for approval.

For the position of independent non-executive director, the Nomination Committee also evaluates the candidate's calibre, credibility and necessary skill and experience to bring an independent judgement and view to matters under consideration. Upon performing the requisite assessment by the Nomination Committee, the new nomination of Director will be recommended to the Board for approval.

As for the appointment of Key Senior Management of the Group, it is based on merit and with due regards for diversity in skills, experience, age and gender.

The Constitution of the Company provides that all Directors shall hold office only until the next Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election.

Corporate Governance Overview Statement (cont'd)

In respect of the retirement by rotation of Directors, the Constitution provides that at least 1/3 or the nearest to 1/3 of the Directors for the time being are subject to retirement by rotation at each AGM and that all Directors are subject to retirement by rotation at least once in every 3 years. The Director who is subject to retirement at the AGM, shall be eligible for re-election.

A Director who is due for re-election at the AGM will first be assessed by the Nomination Committee on his performance and contribution, who will then submit its recommendation to the Board for deliberation and endorsement. Thereafter, shareholders' approval will be sought for the re-election.

Information of the Director standing for re-election such as his personal profile, attendance of meetings and shareholdings are available in this Annual Report for the shareholders to make an informed decision.

Independence of Directors

The Independent Non-Executive Directors are not involved in the day-to-day management of the Company and not full-time salaried employees. They contribute independent views to matters under consideration and provide wide and unfettered perspective on issues. They also bring to the Board integrity and a strong sense of ethics as well as ensuring effective check and balance in the functioning of the Board.

In line with the amended Listing Requirements, the Board Charter provides that the tenure of an Independent Director shall not be more than a cumulative period of 12 years. Consequently, two long serving Independent Directors impacted by this limitation, Datuk Oh Chong Peng and Dato' Seri Zainal Abidin bin Mahamad Zain, were redesignated as Non-Independent Non-Executive Directors of the Company effective from 31 May 2023.

Each Independent Director shall be subject to the Independent Director's Self-Assessment for Annual Declaration of Independence and the annual Individual Director Self/Peer Evaluation to ensure that each of them continues to fulfill the definition of independence as set out in the Listing Requirements.

Based on both the results of the Independent Director's Self-Assessment for Annual Declaration of Independence and annual Individual Director Self/Peer Evaluation, the Nomination Committee and the Board were satisfied that all the Independent Non-Executive Directors of the Company had continued to be independent-minded and demonstrate conduct and behaviour that are essential indicators of independence.

Board Committees

The Board has delegated certain responsibilities to the Board Committees which are necessary to facilitate efficient decision-making to assist the Board in the execution of its duties, power and authorities. The Committees assist the Board in its duties by preparing and reviewing in more detail matters falling within the competence of the Board. The functions and terms of reference of all the Board Committees are clearly defined in the Board Charter and are available on the Company's website. The Chairman of the various committees will report to the Board on the outcome of the respective Committee meetings and such reports are incorporated in the minutes of the Board meeting.

The Board has 3 permanent committees namely, Audit & Risk Management Committee, Nomination Committee and Remuneration Committee. The Board retains full responsibility for the direction and control of the Company and the Group.

Nomination Committee

The Nomination Committee shall comprise exclusively of non-executive directors, a majority of whom must be independent. The Committee currently consists of 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director as follows:

Datin Paduka Setia Dato' Dr Aini binti Ideris (Chairman)	Independent Non-Executive Director
Dato' Seri Zainal Abidin bin Mahamad Zain	Non-Independent Non-Executive Director
Quah Poh Keat	Independent Non-Executive Director



The terms of reference of the Nomination Committee are as follows:

- a. To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary and to recommend Directors to Committees of the Board;
- b. To be responsible for identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise as well as put in place plans for succession, in particular, of the Chairman and the Executive Deputy Chairman cum Managing Director;
- c. To review the required mix of skills and experience and other qualities and competencies which Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board, Committees of the Board and contributions of Directors of the Board;
- d. To review the balance between Executive and Non-Executive Directors and to ensure at least 1/3 of the Board is comprised of Independent Directors in compliance with the Listing Requirements;
- e. To recommend to the Board for the continuation (or not) in service of an Executive Director as an Executive or Non-Executive Director;
- f. To recommend Directors who are retiring by rotation to be put forward for re-election; and
- g. To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfill its responsibilities.

The Nomination Committee had conducted the Performance Evaluation of the Board, Board Committees and Individual Director for year 2023 via questionnaires which were completed by each Director on a confidential basis. The questionnaires comprised a Board and Board Committees Performance Evaluation, an Individual Director Self/Peer Evaluation and an Independent Director's Self-Assessment for Annual Declaration of Independence. The effectiveness of the Board was assessed in the areas of composition, operations, roles and responsibilities, addressing the Company's material sustainability risks and opportunities and performance of the Chairman.

In the evaluation of each Board Committee, its effectiveness was assessed in terms of its composition, level of assistance to the Board, fulfilment of the roles by each member of the Committee and effectiveness of its Chairman.

Meanwhile, the individual Director was assessed based on his/her contribution to interaction, quality of input, understanding of his/her role and fit and proper criteria to ensure that each of the Directors possesses the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to discharge his/her role and responsibilities as a Director.

Results of the assessments and areas which required improvement were compiled and reviewed by the Nomination Committee. For the overall results of the assessments, the Board and Board Committees had achieved the strong ratings.

Having been satisfied with the results of the assessments, the Nomination Committee had recommended to the Board that:

- The Board and Board Committees had been able to discharge their duties and responsibilities professionally and effectively.
- Each of the Directors continued to perform, contribute and devote sufficient time in fulfilling his/her role and responsibility towards an effective Board.
- All the Independent Directors complied with the definition of Independent Director as defined in the Listing Requirements.

Corporate Governance Overview Statement (cont'd)

- All the Independent Directors had remained objective and independent in expressing their views and in exercising their decision-making.
- Shareholders' approval be sought at the forthcoming AGM for the re-election of Mr Quah Poh Keat, Datin Paduka Dato' Dr Aini binti Ideris and Mr Lim Pang Boon who are retiring by rotation and being eligible, have offered themselves for re-election.

III. Remuneration

Remuneration Policies for Directors and Senior Management

The remuneration framework for executive directors and senior management has an underlying objective of attracting and retaining directors and senior management needed to run the Company successfully. The Company has in place a remuneration policy which linked the remuneration package of the Executive Directors and Senior Management to the corporate and individual performance. The remuneration package of the Executive Directors and Senior Management comprises the basic salary, performance incentive and other benefits as are laid down by the Company's rules and regulations from time to time. Their remuneration packages are periodically reviewed to keep abreast with the changes in the market and industry as well as to motivate and retain the talents to pursue the long-term goals of the Group.

The policy to determine the remuneration of Directors is provided in the Board Charter. The Non-Executive Directors are paid Directors' fees, Board Committees' fixed allowance and meeting allowance for each Board and Board Committee meeting they attend. In addition, the Company reimburses reasonable expenses incurred by the Directors in the course of discharging their duties.

Remuneration Committee

The Remuneration Committee shall comprise mainly of non-executive directors. The Committee currently consists of 2 Independent Non-Executive Directors and 2 Non-Independent Non-Executive Directors as follows:

Prakash A/L K.V.P Menon (Chairman)	Non-Independent Non-Executive Director
Datuk Oh Chong Peng	Non-Independent Non-Executive Chairman
Datin Paduka Setia Dato' Dr Aini binti Ideris	Independent Non-Executive Director
Dato' Maznah bin Abdul Jalil	Independent Non-Executive Director

The terms of reference of the Committee are as follows:

- To determine and agree with the Board the framework or broad policy for the remuneration of the Company's or Group's Chief Executive and other Senior Management staff of the Company or Group;
- To determine and recommend to the Board any performance related pay schemes for the Company or Group;
- To determine the policy for and scope of service agreements for the executive directors, termination payments and compensation commitments;
- To oversee any major changes in employee remuneration and benefit structures throughout the Company or Group;
- To produce an annual report of the Committee's remuneration policy for Board members which will form part of the Company/Group's annual report and accounts; and
- To recommend to the Board the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities.



The Committee reviews and recommends for the Board's consideration the Directors' fees, Board Committees' fixed allowance and meeting allowance. In reviewing and recommending the Directors' fees, the Committee ensures that the level of remuneration for the Non-Executive Directors commensurate with their scope of responsibilities and contributions to the effective functioning of the Group. The Committee also reviews and recommends the yearly salary increment and performance incentives of the Senior Management for the Board's approval.

Executive Director will abstain from deliberations and voting decisions in respect of his remuneration. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration. The Directors' fees and benefits payable to the Directors are subject to yearly approval by the shareholders at the AGM.

Details of the Directors' remuneration paid or payable or otherwise made to all Directors of the Company in respect of financial year 2023 are disclosed in the CG Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit & Risk Management Committee

The composition, duties and responsibilities of the Audit & Risk Management Committee together with its report are presented on pages 101 to 104 of this Annual Report.

II. Risk Management and Internal Control Framework

The Group has a sound system of internal control which covers not only financial controls but also operational, compliance and risk management. The system of internal control provides reasonable but not absolute assurance against material misstatements, losses and fraud.

The Statement on Risk Management and Internal Control as set out on pages 105 to 109 of this Annual Report provides an overview of the state of internal controls within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Engagement with Stakeholders

Financial Reporting

The Directors take responsibility for presenting a balanced and objective assessment of the Group's financial performance and prospects primarily through the quarterly and annual financial announcements of results. In addition, the Chairman's Statement and Management Discussion and Analysis are also contained in this Annual Report as important source of information for shareholders, analysts and investors to review the Group's financial and business performance.

The Group's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016. Efforts are made to ensure that in presenting the financial statements, the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates are being used.



Corporate Governance Overview Statement (cont'd)

Corporate Disclosure

The Company is mindful of the importance to disseminate information to shareholders and investors in a prompt and timely manner in order for informed decision to be made. As such, the Board has always stressed for all material information to be announced immediately upon available. This is not only for compliance with the Listing Requirements but also to avoid insider trading.

Communication with Stakeholders

The timely release of quarterly financial results, the issuance of the Company's Annual Reports and Circular/Statement to Shareholders as well as the announcements to Bursa Malaysia Securities Berhad and Press Releases on quarterly financial announcements, material information and corporate proposals are the principal channels for dissemination of information to its investors, stakeholders and the public generally.

The Company's website at www.mfm.com.my provides quick access to information on the Group. The information available on the website of the Company includes, amongst others, the Corporate Profile, Directors' Profile, Financial Results, Annual Reports, Announcements released to Bursa Malaysia Securities Berhad, Research Reports, Constitution of the Company, Board Charter, Terms of Reference of Board Committees, Corporate Governance Overview Statement, Corporate Governance Report, Sustainability Report, Minutes of General Meetings, Code of Conduct, Policy and Guidelines on Gifts and Entertainment, Whistle Blowing Policy, Policy and Guidelines on Antitrust, Directors' Fit and Proper Policy, Human Rights and Labour Standard Policy, dividend information, corporate news, operations and products of the Group.

From time to time, the designated Senior Management also has dialogues with fund managers, research analysts and media on the strategies, performance and prospects of the Group.

In addition, information was also provided to shareholders and/or investors in the replies to their enquiries via the email address at ir@mflour.com.my.

As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board had appointed Mr Quah Poh Keat as the Senior Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretary for information on the Group.

The Group continues to engage with each of its stakeholders such as shareholders, investors, regulators, customers, suppliers, employees and other communities through a variety of approaches to address their concerns and maintain an open communication. The summary of the engagement platforms with the various stakeholders is provided in the Sustainability Report on page 34 of this Annual Report.

II. Conduct of General Meetings

The Board recognises the importance of maintaining an effective communication with the shareholders and the general public. All shareholders are encouraged to attend the Company's General Meetings and to participate in the proceedings.

In line with best corporate governance practice, the Notice of AGM is issued to the shareholders 28 days prior to the meeting to provide them sufficient time to prepare, participate and make informed voting decision at the AGM.

The Company had successfully conducted its virtual AGM on 16 May 2023 through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities.



The conduct of the virtual General Meeting was in compliance with the Constitution of the Company which allows General Meeting to be held using any technology or electronic means.

As precautionary measure to prevent the spread of COVID-19 pandemic and taking into consideration the well-being of shareholders and all participants, only the Chairman, the Board, Chief Financial Officer, Company Secretary and other essential persons were allowed to be physically present at the broadcast venue while the meeting participants participated in the AGM remotely.

As an effort to encourage engagement with the shareholders, questions in relation to the agenda items, business and performance of the Company may be emailed to the Company by the shareholders prior to the General Meeting at any time from the day of notice of General Meeting and up to 48 hours before the meeting. On the day of the meeting, every opportunity was given to the shareholders to ask questions and seek clarification during the live webcast by posing questions through the messaging window facility of the Virtual Meeting Portal which was opened concurrently with the Virtual Meeting Portal an hour before the commencement of the meeting.

Questions posed by shareholders were read out during the “Questions and Answers” session and the Chairman, Executive Deputy Chairman cum Managing Director or Chief Financial Officer had responded to all the relevant questions raised and provided clarification accordingly. As such, the shareholders had experienced real time interaction with the Board during the General Meeting.

During the AGM, the Executive Deputy Chairman cum Managing Director had also presented the overview of the financial performance of the Group and business outlook.

In accordance with the Listing Requirements, all the resolutions set out in the notice of the AGM were voted by poll. All the shareholders who participated in the AGM remotely had voted on all the resolutions using the RPEV facilities. An independent scrutineer for the electronic poll voting process was appointed to verify all the votes. Upon verifying the votes, the scrutineer announced the voting results which were displayed on the screen. The poll results were subsequently announced to Bursa Securities on the same day.

The full minutes of the AGM detailing the meeting proceedings, including issues and concerns raised by the shareholders together with the responses of the Company, were published on the Company’s website for the information and benefit of all the shareholders of the Company no later than 30 business days after the conclusion of the General Meeting.