

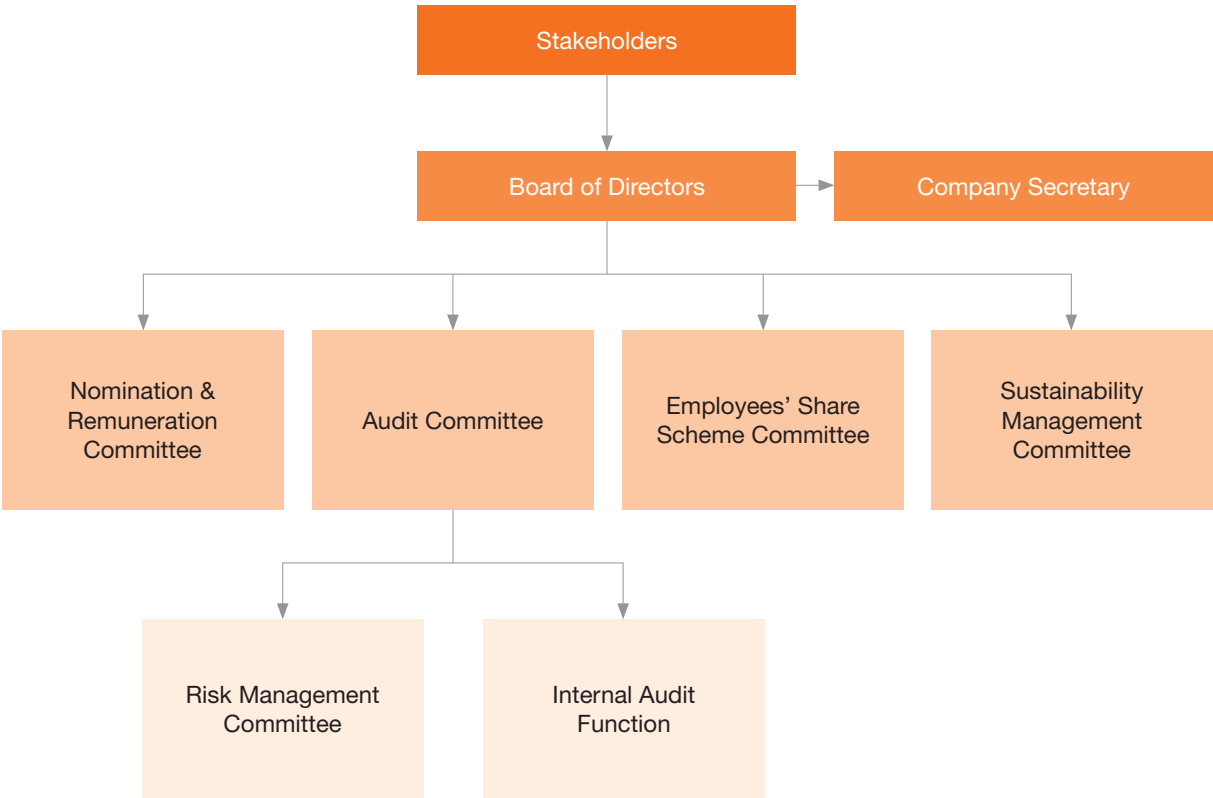
# Corporate Governance Overview Statement

The Board of Directors of RCE Capital Berhad (“RCE” or “the Company”) recognises the importance of safeguarding and promoting the interests of shareholders. The Board believes that good corporate governance practices enable the Group to operate more efficiently and facilitate better oversight of the business, management and operations of the Group. The emergence of the COVID-19 pandemic since early 2020 has had and will continue to have a profound effect on how organisations adapt in their operations, which further emphasises the importance of good governance. It also presents a challenge to the Board to ensure that RCE’s corporate governance structure remains resilient and is able to adapt to the demands of the rapidly changing operating environment. In this regard, the Board remains steadfast in its commitment in upholding the value of good corporate governance by continuously advocating transparency, accountability, integrity and responsibility to enhance long term shareholders’ value and safeguarding the stakeholders’ value.

The Board presents this Corporate Governance Overview Statement (“Statement”) to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year ended 31 March 2021. The overview takes guidance from the three (3) key corporate governance principles as set out in the Malaysian Code on Corporate Governance 2017 (“Code”).

This Statement is prepared in compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and shall be read together with the Corporate Governance Report (“CG Report”) of the Company, which provides the details on how the Company has applied each practice as set out in the Code. The CG Report is available on the Company’s website at [www.rce.com.my](http://www.rce.com.my).

The governance structure of RCE is as follows:



## **PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS**

### **I. Board Responsibilities**

The Group is helmed by an effective and experienced Board comprising individuals of calibre and credibility from a diverse professional backgrounds with a wealth of experience, skills and expertise. The Board has overall responsibility for promoting the sustainable growth and financial soundness of the Company.

The Directors are aware of their responsibilities to shareholders and stakeholders for creating and delivering sustainable value and long-term success through the Board's leadership and management of the Group's business.

The Directors together as a team, set the values and standards of the Company and ensure that the Group's business is properly managed to safeguard the Group's assets and shareholders' investment.

The Board acknowledges the importance of a clear division of responsibility between the Chairman of the Board and the Chief Executive Officer ("CEO") to ensure optimal balance, resulting in increased accountability and enhanced decision-making. The positions of the Chairman and the CEO are therefore held by different individuals with clear and distinct roles, which are formally documented in the Board Charter. The Board Charter, which is available on the Company's website at [www.rce.com.my](http://www.rce.com.my) also sets out, amongst others, the role, functions, composition, operation and processes of the Board and the responsibilities of the individual Directors, Independent Directors and Company Secretary. The Board Charter is reviewed as and when required in order to be aligned with the practices recommended in the Code, the Listing Requirements, relevant laws and regulations as well as current practices.

The Chairman leads the Board by setting the tone at the top, and managing the Board effectiveness by focusing on strategy, governance and

compliance. The Board's principal focus is the overall strategic direction, development and control of the Group. In support of this focus, the Board maps out and reviews the Group's medium and long term strategic plans on an annual basis, so as to align the Group's business directions and goals with the prevailing economic and market conditions. The Board provides guidance and input to Management and also reviews Management's performance and ensures that necessary financial and human resources are available to meet the Group's objectives. The Board's other main duties include regular oversight of the Group's business performance, and ensuring that the internal controls and risk management processes of the Group are well in place and are implemented consistently to safeguard the assets of the Group. The Board also remains cognisant of the need for sustainable practices to manage the economic, environmental and social impact to address the long-term interest of the stakeholders.

The Board delegates responsibility of the day-to-day operations of the Group to the CEO, who is assisted by the senior management team in ensuring that the Group operates within a framework of prudent and effective controls in accordance with the direction of the Board. The CEO is accountable for the execution of policies and strategies set by the Board to achieve the Group's corporate objectives. Management provides relevant information to the Board in a concise and timely manner to enable the Board to make informed decisions and discharge its duties effectively.

The Directors are mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Each Director is expected to devote sufficient time to carry out their role as Directors and members of the Board Committees, if applicable, apart from attending Board and Board Committees meetings, shareholders' meeting and Directors' training. Nevertheless, the Board also recognises that Directors may hold external directorships and other outside business interests, and the Board acknowledges that the Company will benefit significantly from its Directors' varied boardroom exposure.

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In fostering time commitment from the Directors, they are required to notify the Chairman before accepting any new directorship in other public listed companies and such notification shall include an indication of time that will be spent on the new appointment. In accepting such appointment, the Directors shall take into consideration the time spent on the new appointment to enable them to devote sufficient time to carry out their duties to the Company and to ensure that the additional appointment will not have any impact to their commitment and their roles in the Company. The Directors shall seek guidance from the Chairman of the Board if there is any potential conflict of interest and shall upon appointed, notify the Company Secretary who shall inform the Chairman and other Board members accordingly. None of the Directors of the Company serve in more than five (5) listed companies and the CEO of the Company does not serve as a director in other listed company.

The Directors are also required to notify the Company as and when they are appointed to other boards and provide the updates on their directorships and shareholdings in other companies on a quarterly basis.

The Board is of the view that the current external directorships held by the Directors of the Company do not give rise to any conflict of interest nor impair their ability to discharge their duties effectively. Moreover, each Director is able to discern an appropriate amount of time to commit to the Company without it being formally regulated. The Board believes that the provisions of the Companies Act 2016 (“the Act”) and the Listing Requirements of Bursa Securities are sufficient to ensure adequate commitment from Directors to perform their duties.

The Board meets at least four (4) times annually with additional meetings convened as and when deemed necessary. During the financial year, the Board met four (4) times with the presence of the senior management where it deliberated

and considered a variety of matters including the Group’s financial results, budget and strategy, declaration of interim dividends, solvency position of the Company for interim dividends and share buyback, sustainability, established good corporate governance practices, review of the Board Charter and terms of reference of the Audit Committee, corporate proposals and strategic issues that affect the Group’s business operations.

Board meetings are of sufficient duration to ensure adequate analysis and deliberation during the decision-making process. The Board decisions made shall be by a majority as prescribed under the Constitution of the Company. Where a potential conflict of interest arises, it is mandatory for the Directors concerned to declare their interests and abstain from the deliberation and decision-making process. In the event where a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting, in respect of their shareholdings in the Company, on the resolution relating to the corporate proposal, and will further undertake to ensure that person(s) connected to them similarly abstain from voting on the resolution.

In the intervals between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions which are supported with all relevant information and explanations to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting.

In line with the Group’s standard operating procedures in response to the COVID-19 pandemic, meetings of the Board and Board Committees during the financial year have been conducted remotely via video conferencing. Details of attendance of Directors at the Board meetings during the financial year are as follows:

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Name of Directors	No. of Meetings Attended
Shahman Azman	4/4
Tan Sri Mazlan bin Mansor (Appointed on 1 October 2020)	2/2*
Datuk Mohamed Azmi bin Mahmood	4/4
Tan Bun Poo	4/4
Mahadzir bin Aziz	4/4
Thein Kim Mon	4/4
Soo Kim Wai	4/4
Shalina Azman	4/4
Lum Sing Fai	4/4

Note:

\* Reflects the number of meetings held during the financial year following his appointment as Director.

All Directors have more than adequately complied with the minimum requirements on attendance at Board meetings as stipulated under the Listing Requirements of Bursa Securities (minimum 50% attendance).

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is demonstrated by amongst others, the full attendance and time spent at the Board and Board Committee meetings by the Directors during the financial year.

To assist the Board in carrying out its responsibilities and functions, it has delegated certain responsibilities to the Board Committees, namely Audit Committee, Nomination & Remuneration Committee, Employees' Share Scheme Committee and Sustainability Management Committee. These Committees play a significant role in reviewing matters within their own defined terms of reference approved

by the Board, and in keeping the Board efficient. They report to the Board on matters considered and their recommendations thereon. At all times, the Board has collective oversight over the Board Committees.

The Board Committees exercise transparency and full disclosure in their proceedings. The Board is kept apprised of the activities and the decisions of the Board Committees through the circulation of the minutes of the meetings of the Board Committees and update by the chairman of the respective Board Committees. The ultimate responsibility for the final decision on all matters however, lies with the Board.

### ■ Audit Committee

The Audit Committee's principal role is to monitor the integrity of financial statements, risk management and internal controls and effectiveness of external and internal audit processes. Further details are disclosed under Principle B: Effective Audit and Risk Management in this Statement.

### ■ Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("N&R Committee")'s primary role is to assist the Board in reviewing the appropriateness of its structure, size and composition, and evaluating the performance and effectiveness of the Board, its Committees, the individual Directors and CEO. It also supports the Board in assessing all elements of the remuneration for Directors and CEO.

The N&R Committee comprises exclusively Non-Executive Directors, a majority of whom are Independent Directors and meets at least once in a financial year and whenever required. The N&R Committee had carried out the following activities during the financial year:

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- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- reviewed and assessed the contribution and performance of each individual Director, CEO, and the effectiveness of the Board and the Board Committees;
- reviewed and assessed the independence of the Independent Directors;
- reviewed the Directors who were due for retirement at the Company's 66th Annual General Meeting ("AGM") to determine whether or not to recommend their re-election;
- reviewed and recommended the remuneration package of the CEO;
- reviewed the performance of the Audit Committee and each of its members;
- reviewed the training courses attended by the Directors and assessed their training needs;
- reviewed and recommended the Directors' fees for the financial year ended 31 March 2020;
- reviewed and recommended the appointment of Tan Sri Mazlan bin Mansor as Independent Non-Executive Director and member of the Audit Committee of the Company; and
- reviewed and recommended the establishment of a new Employees' Share Scheme Committee for the purpose of administering the new Employees' Share Scheme implemented during the financial year.

The terms of reference of the N&R Committee is available at the Company's website at [www.rce.com.my](http://www.rce.com.my).

### ■ **Employees' Share Scheme ("ESS") Committee**

The Company implemented an ESS in 2015 which was subsequently terminated and replaced by a new ESS during the financial year. With the implementation of the new ESS, a new ESS Committee was established to assist the Board in administering the ESS in accordance with the By-Laws governing and constituting the ESS as approved by the shareholders on 22 September 2020. The authorities and duties conferred upon the ESS Committees include, amongst others, to determine the eligible employees and the criteria to be applied in determining the grant of share options to the eligible employees and their actual entitlement, prior to recommending for the Board's approval.

### ■ **Sustainability Management Committee**

The Sustainability Management Committee was established to assist the Board in administering and overseeing the development and implementation of the Group's sustainability strategies. During the financial year, the Sustainability Management Committee deliberated, amongst others, the Sustainability Statement for the financial year ended 31 March 2020.

The Board is supported by suitably qualified Company Secretaries who are experienced, competent and knowledgeable. They provide advisory services to the Board and its Committees on issues relating to corporate governance matters, compliance with laws, rules, procedures and regulations affecting the Group. Each Director has unrestricted access to the advice and services of the Company Secretaries to ensure effective functioning of the Board and Board Committees, and adherence to Board policies and procedures at all times.

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The Board acknowledges its role in establishing a corporate culture with uncompromising ethical conduct. In line with this principle, the Board has adopted a Directors' Code of Conduct and Ethics which sets out the fundamental guiding principles and standards of behaviour that are expected of the Directors in carrying their duties and discharging their responsibilities. The Board also takes cognisance of the requirements under the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by the Securities Commission Malaysia.

Additionally, the Group in its effort to enhance corporate governance has also put in place a Whistleblowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal, discrimination or adverse consequences. Confidentiality of the matters raised and the identity of the whistle blowers are protected under the policy. The Whistleblowing Policy of the Company was reviewed during the financial year and the detailed whistleblowing mechanism prescribed in the Whistleblowing Policy had been mapped into a process flowchart.

The Directors' Code of Conduct and Ethics, Anti-Bribery and Corruption Policy and the Whistleblowing Policy together with the details of the whistleblowing reporting channels are accessible on the Company's website at [www.rce.com.my](http://www.rce.com.my).

The Board acknowledges the importance of continuous education and training in order to broaden one's perspective and to keep abreast with the current and future developments in the industry and global markets, regulatory updates as well as management strategies to enhance the Directors' skills and knowledge in discharging their stewardship duties and responsibilities. Directors are encouraged to attend various external professional programmes which they individually considered as relevant and useful to further enhance their business acumen and professionalism.

Despite the restrictions imposed by the Movement Control Order ("MCO") including prohibitions on movement and gathering during most of the periods under the financial year, all Directors remained committed to ensuring continuous participation in training and development programmes. Additionally, the Company had also organised in-house trainings conducted by external consultants for the Directors and employees of the Group via online webinar.

The Company Secretary keeps Directors informed of relevant external training programmes. All internal and external training programmes attended by Directors are recorded and maintained by the Company Secretary, which will be tabled to the N&R Committee and the Board for notation on a half-yearly basis, to assist the N&R Committee and the Board on the evaluation and determination of the Directors' training needs.

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The external conferences/workshops and internally organised programmes attended by the Directors during the financial year were as follows:

Director	Course Attended
Shahman Azman	MACC Act Section 17A - Corporate Liability
	Listed Entity Director Programme by Singapore Institute of Directors: Module 1: Listed Entity Director Essentials
	Listed Entity Director Programme by Singapore Institute of Directors: Module 2: Board Dynamics
	Listed Entity Director Programme by Singapore Institute of Directors: Module 3: Board Performance
	Listed Entity Director Programme by Singapore Institute of Directors: Module 4: Stakeholder Engagement
	Listed Entity Director Programme by Singapore Institute of Directors: Module 7: Nominating Committee Essentials
	Personal Data Protection Act 2010
	Listed Entity Director Programme by Singapore Institute of Directors: Module 8: Remuneration Committee Essentials
	Singapore Institute of Directors - Post COVID-19 Strategy: A Stronger and Resilient Tomorrow
	Singapore Institute of Directors - Corporate Governance in an Era of Extreme Risk
	Singapore Institute of Directors - Data Breach Management
	Budget 2021 Highlights & Proposed Tax Changes
Tan Sri Mazlan bin Mansor	Mandatory Accreditation Programme for Directors of Public Listed Companies
	Capital Market Director Program (CMDP) Module 2B: Business Challenges and Regulatory Expectations - What Directors Need to Know (Fund Management)
	Capital Market Director Program (CMDP) Module 3: Risk Oversight and Compliance - Action Plan for Board of Directors
	Capital Market Director Program (CMDP) Module 4: Emerging and Current Regulatory Issues in the Capital Market
Datuk Mohamed Azmi bin Mahmood	The Quandary of Central Bank Digital Currencies
	Sustainability Focus of Budget 2021
	How the Private Sector can play an active role in Public-Private Partnerships
	ESG in the new normal: A corporation's lens
	LSBA Speaker Showcase
	Women in Finance 2021
7th International Conference on Trends of Sustainability 2021	

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Director	Course Attended
Tan Bun Poo	Personal Data Protection Act 2010
	Restructuring and Corporate Rescue - Flattening the Insolvency Curve
	Valuation in Practice for Transactions and Reporting: Part 1 - Valuation Fundamentals
	MACC Act Section 17A - Corporate Liability - Anti Bribery/Corruption
	Anti-Money Laundering
	Identifying and Reporting Climate Related Financial Risk
	Audit Committee Conference
Mahadzir bin Azizan	Corporate Governance Monitor 2020
Thein Kim Mon	Personal Data Protection Act 2010
	ICAEW Web-based Presentation: Audit and Risk Committee Effectiveness in Financial Services
	ICAEW Web-based Presentation: Impact of COVID-19 on Accounting and Corporate Reporting for Financial Services
	Budget 2021 Highlights & Proposed Tax Changes
Soo Kim Wai	COVID-19 and Current Economic Reality: Implications for Financial Stability
	Listed Entity Director Programme by Singapore Institute of Directors: Module 1: Listed Entity Director Essentials
	Listed Entity Director Programme by Singapore Institute of Directors: Module 2: Board Dynamics
	Listed Entity Director Programme by Singapore Institute of Directors: Module 3: Board Performance
	Listed Entity Director Programme by Singapore Institute of Directors: Module 4: Stakeholder Engagement
	Listed Entity Director Programme by Singapore Institute of Directors: Module 5: Audit Committee Essentials
	Personal Data Protection Act 2010
	BNM-FIDE Forum Annual Dialogue with the Governor of BNM
	Anti-Money Laundering
	Islamic Finance for Board of Directors
	The Next Inflection Point
	Highlights from Budget 2021
	Cyber Security Awareness
	Malaysia Budget 2021
	Budget 2021 Highlights & Proposed Tax Changes



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Director	Course Attended
Shalina Azman	Cybersecurity & Work-From-Home Security Challenges Amidst COVID-19 Pandemic
	ESG Trends & Regulatory Developments
	Post COVID-19 - The Acceleration of ESG Investing and Sustainability Practices in Business
	Managing Political Risks
	Budget 2021 Highlights & Proposed Tax Changes
	Effective Fund-Raising and Valuations, for the New Normal and Post-COVID-19
	International Women's Day 2021 Conference
Lum Sing Fai	Economic Outlook 2021: Investing at the Right Time and Sector
	Cyber Security Awareness
	Personal Data Protection Act 2010
	Anti-Money Laundering
	2020 Top Exec Cybersecurity Briefing
	Budget 2021 Highlights & Proposed Tax Changes
	Shariah Governance Policy Document (SGPD) Programme
	Malaysia-Japan Collaboration on Digital Creative Content Sector
Market Outlook	

The N&R Committee and the Board upon assessing the training needs of each of its Directors, are satisfied that the Directors have received the necessary training during the financial year under review which enhanced their effectiveness and contribution to the Board.

### II. Board Composition

The Board is committed to ensuring that its composition continues to comprise Directors who bring an optimal mix of skills, experience, expertise and diversity to add value to the Board processes and decision-making. In October 2020, Tan Sri Mazlan bin Mansor, who has extensive experience and depth of knowledge which he had gained from his more than 40-year stint in the police force, especially during his term as Director of the Commercial Crime Investigation Department of Royal Malaysia Police (PDRM), was appointed as Independent Non-Executive Director of the Company. The Board welcomed the appointment of Tan Sri Mazlan bin Mansor to complement the Board's skill set by bringing fresh perspectives and expertise to the Board, particularly, in providing insights on how to mitigate the risk of fraud or criminal breach of trust, and in ensuring adherence to law and orders.

The Board comprises entirely Non-Executive Directors, of whom five (5) out of nine (9) are Independent Directors. The significant presence of Independent Directors reflects the Board's commitment to maintain high representation of Independent Directors on the Board to ensure that the interests of minority shareholders are taken into account by the Board. The structure of the Board also ensures that no single Director is dominant in the decision-making process. With its diversity of qualifications, expertise and skills, the Board is of the view that the current composition and size are adequate for the effective discharge of its functions and responsibilities. The Board composition is also in compliance with paragraph 15.02 of the Listing Requirements and the Code. A brief profile of each Director is set out in the Profile of Directors section of this Annual Report.

The Board has in place a 12-year tenure policy for its Independent Directors to limit the tenure of the Independent Directors to twelve (12) years to facilitate Board refreshment. None of the Independent Directors had exceeded the twelve (12) years tenure.

Tenure of Independent Directors as at 31 March 2021				
Tenure	< 3 years	3-6 years	above 6-9 years	above 9-12 years
Number of Independent Directors	2	1	2	0

The Group practices non-discrimination in any form whether based on age, gender or ethnicity throughout the organisation and this includes the selection of Board members. The Board is committed to ensuring that its composition not only reflects the diversity as recommended by the Code, as best as it can, but also has the right mix of skills and balance to contribute to the achievement of the Company's goal. The current Directors present a diverse mix of qualifications and experiences covering business, finance, audit, banking, accounting, legal, law enforcement and public services. Together, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to the Group.

The Board through its N&R Committee reviews annually, the effectiveness of the Board and Board Committees, contribution and performance of the individual Directors and CEO as well as the independence of the Independent Directors. The performance of each Director who is retiring at the next AGM is taken into account by the Board in determining whether or not the Board should support the re-election of the said Director.

Based on the results of the evaluations for the financial year under review, the Board concluded that the Board as a whole and its Committees have been effective in discharging their oversight responsibilities and that each of the Directors and the CEO continued to discharge their respective duties and responsibilities effectively. Premised on the outcome of the evaluations, the Board also

agreed that the current composition of the Board is appropriate, taking into account the current mix of skills, experience and core competencies in the Board composition and given the Group's businesses and the size of its business operations. Individual Directors of the Company and the CEO possess the required competence to manage the Group's affairs and created value to the organisation and its shareholders. As the feedback of the Board evaluation was generally satisfactory, no apparent shortcoming had been identified.

### III. Appointment to the Board

As part of the N&R Committee's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board vacancies as and when the needs arise, or to identify candidates to complement the Board's current composition, and make recommendations to the Board on their appointment to the Board and where applicable, to the various Board Committees. The N&R Committee will assess the suitability of candidates, taking into consideration the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, personal qualities, time commitment, the potential for the candidate's skills to augment the existing Board, the candidate's availability to commit to the Board's activities, and in the case of candidate proposed for appointment as Independent Director, the candidate's independence and his/her ability to discharge such responsibilities/functions as expected from an Independent Director. The N&R Committee is responsible to ensure that the procedures for appointing new Directors are transparent.

The appointment of Tan Sri Mazlan bin Mansor followed the above process. The N&R Committee, having reviewed the skillset, expertise and experience possessed by Tan Sri Mazlan bin Mansor, recommended his appointment to the Board. Tan Sri Mazlan bin Mansor received an induction which is tailored to his requirements to assist him in understanding the Group's governance structure, business strategy and operations.

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## IV. Remuneration

The Board is aware that a fair remuneration is critical to attract, retain and motivate its Directors and senior management. The Company has in place a Remuneration Policy for Directors and CEO which sets out the criteria applied in recommending their remuneration packages.

The aforesaid policy is to set remuneration at levels which are sufficient to attract and retain Directors and CEO needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

For the CEO, the N&R Committee reviews the remuneration package annually and recommends to the Board on specific adjustments and/or rewards that reflect his contributions throughout the year as well as corporate performance and achievement of key performance indicators, taking into consideration the market and industry practices. Long term incentives are implemented through ESS of the Company.

In the case of Non-Executive Directors, their remunerations reflect the expertise and level of responsibilities undertaken by the Non-Executive Directors. Meeting attendance allowances are also paid to Independent Directors in accordance with the number of meetings attended during the financial year. Non-Executive Directors are not entitled to participate in any employees share scheme implemented by the Company. Individual Directors will abstain from participating in the discussion and decision of their own remuneration package. Non-Executive Directors' fees and benefits are subject to the approval of shareholders at the AGM based on the recommendation of the Board.

In May 2021, the Board approved the recommendation by the N&R Committee in respect of the proposed increase in the Non-Executive Directors' fees payable for the financial year ended 31 March 2021, following a benchmarking on the non-executive directors' fees against other regional and local comparable peers. The proposed increase is also to reflect their responsibilities and risks level exposed to them as Non-Executive Directors of the Company given the growing importance of their role in providing an effective check and balance. The Directors' fees will be put forth to the shareholders for approval at the 67th AGM in accordance with Section 230 of the Act.

The Company has also in place a Directors and Officers liability insurance ("D&O policy") to indemnify the Directors against liability and costs incurred by them in discharging their duties as Directors, to the extent permitted under the Act. The Directors are required to contribute jointly to the premium of the D&O policy.

The details of the Directors' remuneration for the financial year ended 31 March 2021 are disclosed in the CG Report under Practice 7.1.

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit Committee

The Audit Committee of the Company comprises six (6) Non-Executive Directors, five (5) of whom are Independent Directors which is in compliance with the Listing Requirements of Bursa Securities.

The Chairman of the Audit Committee, Mr. Thein Kim Mon, who is an Independent Director, is not the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.

The Company, through its Audit Committee, has established a transparent and appropriate relationship with the Company's external auditors which ensure the objectivity, independence and effectiveness of external auditors are maintained.

The performance of the Audit Committee and its members were evaluated as part of the Board's annual assessment and based on the findings, the Board is satisfied that the Audit Committee has discharged its responsibilities effectively during the financial year. The Audit Committee has adequate understanding of the Company's significant financial and non-financial risks. Each of its members has made positive contribution to the overall effectiveness of the Audit Committee as well.

A full Audit Committee Report enumerating its membership and a summary of activities during the financial year is set out on pages 65 to 70 of this Annual Report.

## II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility for the Group's system of internal control and risk management that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations, as well as internal procedures and guidelines. The need of effective risk management is even more pronounced with the COVID-19 pandemic driving home the imperatives of robust risk management frameworks.

A Risk Management Committee comprising members with risk and business management knowledge and experience has been established by the Company to implement the risk management policies and strategies formulated and approved by the Board. It monitors and manages the principal risk exposures by ensuring that Management has taken the necessary steps to mitigate such risks and recommends action where necessary. The Risk Management Committee reports to the Audit Committee which in turn will brief the Board on its findings, if so required.

The Board continues to maintain and regularly review the adequacy and effectiveness of its system of internal control and risk management processes to ensure, as far as possible, the protection of the Group's assets and its shareholders' investments.

The Statement on Risk Management and Internal Control, which provides an overview of the management of risks and state of internal control within the Group, is set out on pages 62 to 64 of this Annual Report.

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. Communication with Stakeholders

The Board recognises the importance of maintaining a purposeful relationship with stakeholders. In this regard, the Company always ensures that its communication with the shareholders and various stakeholders is transparent, timely and effective. The public can access the latest information regarding the

Group through its website at [www.rce.com.my](http://www.rce.com.my). Throughout the financial year and various phases of MCO, the Company and its investor relations team also conducted briefings to analysts and fund managers via video communications and other online tools to provide the investors, analysts and fund managers with opportunities to receive information relating the Group. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has an online enquiry form that can be obtained from the Company's website to which stakeholders can direct their queries or concerns.

Investor relation matters may be directed to the following person:

Mr. Loh Kam Chuin  
Chief Executive Officer  
Telephone number: +603-4047 0988  
Email: IR@rce.com.my

### II. Conduct of General Meetings

The Company's general meetings remain as the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's businesses and corporate developments.

In view of the COVID-19 pandemic and the various phases of MCO implemented by the Government of Malaysia which set limitation on travel and mass events, the 66th AGM held on 22 September 2020 was conducted fully virtual and live-streamed from the broadcast venue by leveraging technology in accordance with the Constitution of the Company. Shareholders were advised to take advantage of the Remote Participation and Voting ("RPV") facilities which were available on Securities Services e-Portal at <https://sshsb.net.my/> without the need of being physically present at the AGM as a precautionary measure to curb the spread of the COVID-19.

Notice of and Administrative Guide for the 66th AGM, the Form of Proxy and the Annual Report were issued and/or uploaded onto the Company's website 28 days before the 66th AGM date. This allowed shareholders sufficient time to review the Company's financial and operational performance and to make necessary arrangements to participate in the virtual 66th AGM either in person or by proxies. Shareholders

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were provided with clear and easy-to-follow instructions on how to register and participate in the virtual AGM. They were also invited to send questions before the meeting in relation to the agenda items for the 66th AGM, or via the real time submission of typed texts through a text box before the start or during the live streaming of the meeting.

Shareholders, corporate representatives and proxies participated in the virtual 66th AGM through live streaming and online remote voting via the RPV facilities. The proceedings of the 66th AGM at the broadcast venue including the CEO's presentation of the Group's activities and financial performance, challenges brought on by the COVID-19 pandemic and faced by the Group during MCO, and the Group's prospects and strategies, the presentation from the representative of AmlInvestment Bank Berhad, the Company's adviser on the proposed establishment of the new ESS, questions from Minority Shareholders Watch Group (MSWG) and shareholders which were raised prior to and during the meeting as well as the Company's responses to the same, were shared with the shareholders/proxies during the virtual AGM, before putting resolutions to vote.

To ensure effective participation of and engagement with shareholders at the virtual 66th AGM of the Company, all members of the Board participated in the meeting to respond to the questions raised by the shareholders and proxies, where two (2) Directors were present at the broadcast venue while the other six (6) Directors joined remotely via video conferencing so as to limit the number of individuals at the broadcast venue in accordance with the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. Despite the absence of face-to-face engagement, the Board believes that the RPV facilities have provided an accessible platform for the Board to engage with the shareholders/proxies as close to a physical AGM as possible, by ensuring that shareholders were able to exercise their rights to participate, speak (in the form of real time submission of typed texts) and vote at this fully virtual AGM.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are required by the Act to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the results of their operations and cash flows for the financial year. The Directors consider that in preparing the financial statements, they have consistently used and applied the appropriate and relevant accounting policies and made judgements and estimates that are reasonable and prudent.

The Directors have a general responsibility in ensuring that the Group keep proper accounting records in accordance with the provisions of the Act to enable the preparation of the financial statements with reasonable accuracy. The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

## **KEY FOCUS AREAS AND FUTURE PRIORITIES**

The Board is satisfied that the Group has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

As the corporate governance landscape continues to evolve and with the introduction of new best practices and further guidance under the updated Code issued by Securities Commission Malaysia in April 2021, the Board will continue to operationalise and enhance the Company's existing corporate governance framework, policies and practices and instil a risk and governance awareness culture and mindset throughout the Group in the best interest of all stakeholders.

**This Statement is made in accordance with the resolution of the Board of Directors dated 25 May 2021.**