

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0285
COMPANY NAME : MERCURY SECURITIES GROUP BERHAD
FINANCIAL YEAR : October 31, 2023

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 PERSUANT 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 of Mercury Securities Group Berhad ("Company") ("Board") is collectively responsible for the long-term success of the Company and its subsidiaries ("Group") and the delivery of sustainable values to its stakeholders. The Board sets the strategic direction of the Company, exercised oversight on the Senior Management and set the appropriate tone at the top, while providing thought leadership and championing good governance and ethical practices throughout the Group.</p> <p>The Board together with the Senior Management takes responsibility for the governance of sustainability in the Group including setting the Group's strategic plans and direction, overseeing the conduct of the business, risk management, succession planning of the Board and Senior Management and ensuring the system of internal controls and management information system are effectively in place.</p> <p>In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees (as defined below) and the Senior Management. The Board has a schedule of matters reserved for its approval, amongst others, recommendation of dividends, financial results, changes in Board composition, major acquisition of assets or investments and corporate proposals to ensure that direction and control of the Company are firmly in its hands. The Board Charter is available on the Company's website accessible at www.mercurysecurities.com.my.</p> <p>The Board has established the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee (collectively referred to as "Board Committees") to assist in the execution of its responsibilities. The functions, duties and authorities of the Board Committees are set out in the Terms</p>

	of Reference of each of the Board Committees, which is accessible at the Company's website: www.mercurysecurities.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

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board, Dato' Baharon Bin Talib was appointed to the Board of Director as Independent Non-Executive Chairman. The profile of the Chairman is stated on the Directors' Profile of the Company's Annual Report 2023 and accessible at www.mercurysecurities.com.my.</p> <p>The roles and responsibilities of the Chairman of the Board are specified in the Board Charter and is accessible at www.mercurysecurities.com.my.</p> <p>The responsibilities of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none"> • provides leadership in the Board and overseeing the Board in the effective discharge of its supervisory role; • in consultation with the Managing Director and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues to be tabled for deliberation are on the agenda; • ensures that all Directors are properly briefed on issues arising at Board meetings; • ensures orderly and efficient conduct and proceedings of the Board and at general meetings; • facilitates effective contributions of all members of the Board during meetings; • encourages active participation at Board meetings and allowing dissenting views to be freely expressed; and • promote constructive and healthy working relationship with the Senior Management whilst maintaining independence.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear division of responsibilities at the helm of the Company to ensure a balance of authority and power. The roles of the Chairman and the Managing Director (whom has similar duties of a Chief Executive) are distinct and separate not only safeguards the interest of our stakeholders but to promote accountability and facilitates effective governance within the Company.</p> <p>Presently, the Board is headed by Dato' Baharon Bin Talib, an Independent Non-Executive Chairman whereas the Managing Director is Mr. Chew Sing Guan, a Non-Independent Executive Director / Managing Director. The role of the Chairman is to ensure the effective functioning of the Board and leading the Board in establishing and monitoring good corporate governance practices, while the key roles of the Managing Director is to lead and manage the Group's business and operations as well as to execute the policies and decisions made by the Board. To further reinforce the corporate governance structure of the Company, the Chairman and the Managing Director are not a member of any Board Committees.</p> <p>The distinct and separate roles and responsibilities of the Chairman and the Managing Director are clearly stated in the Board Charter, which is available on the Company's website at www.mercurysecurities.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 :	The Chairman of the Board, Dato Baharon Bin Talib is not a member of any Board Committees, i.e. the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.
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>Presently, the Board is assisted by two (2) qualified and competent Chartered Secretaries, Tan Bee Hwee (MAICSA 7021024) and Soo Siew Peng (MAICSA 7063110), both of whom are associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The decision for appointing and removing the Company Secretary(ies) rests with the Board.</p> <p>The joint Company Secretaries assists the Board in discharging its duties regarding compliance with regulatory requirements, guidelines, legislations, and the principles of best corporate governance practices.</p> <p>The joint Company Secretaries keep the Board informed of new guidelines, directives, legislation in ensuring compliance with the latest regulatory requirements including the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Code on Corporate Governance 2021 and the Companies Act 2016. All Board members have unrestricted access to the advice and services of the joint Company Secretaries.</p> <p>The joint Company Secretaries organise and attend all Board and Board Committees meetings and ensure accurate and proper records of the proceedings and resolutions passed are maintained.</p> <p>The duties and responsibilities of the Company Secretaries are outlined in the Board Charter, which is available at the Company's website at www.mercurysecurities.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	:		
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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 understands that importance of sound and timely information affects the effectiveness of the Board to oversee the conduct of the Group's business and to evaluate the Management's performance.</p> <p>The Company Secretaries ensure that the dates for the Board and Board Committees meetings are scheduled well in advance by preparing an annual tentative calendar and a formal schedule of matters specifically reserved for the Board are also included in the tentative calendar. The schedule also ensures that the direction of these meetings is properly controlled and are in the hands of the Board.</p> <p>Information and materials that are important to the Board's understanding of the business to be conducted at a Board or Board Committee meeting shall be distributed to the Directors prior to the meeting to provide ample time for review beforehand. As stated in the Board Charter, notice of Board meetings shall be issued at least five (5) business days or shorter notice where it is unavoidable, prior to the time appointed for the meeting.</p> <p>Senior Management are invited to attend the Board and Board Committees meetings to give presentations and provide additional insight into matters to be discussed in the Board and Board Committees meetings. In addition, professional advisers appointed by the Company in connection with corporate proposals (if any) such as principal adviser, auditors, valuers, and solicitors may also be invited to attend the Board and Board Committees meetings to provide the Board and Board Committees with their professional opinion and explanation on the transaction in deliberation and compliance with regulatory requirements as well as to clarify any issues raised by the members.</p> <p>Upon conclusion of meeting, the joint Company Secretaries will ensure that accurate and proper records of the proceedings and resolutions passed are recorded and the minutes are circulated to the Board members before the next meetings.</p> <p>In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all the relevant information to enable the Board to make</p>

	informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board 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 demarcation of responsibilities between the board, board committees and management.

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter clearly sets out the respective roles and responsibilities of the Board, Board Committees, Chairman, individual Directors, Managing Director and Management, as well as issues and decisions reserved for the Board's approval.</p> <p>The Board Charter would be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the needs of the Company from time to time and in alignment with the best practices recommended in the Malaysian Code on Corporate Governance 2021 and compliance with provisions in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 as well as any new regulatory and legal requirements that may have an impact on the Company and the Board's responsibilities.</p> <p>The Board Charter including the Terms of Reference of each of the Board Committees are available on the Company's website at www.mercurysecurities.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>The Board has put in place the Directors' Code of Conduct and Ethics for the Directors ("Directors' Code") which sets out the standards of conducts expected from Directors to advocate good corporate behaviour in a professional, honest, accountable, sustainable and ethical manner always acting in the best interest of the Company.</p> <p>The Company adopts the Employees' Code of Conduct and Ethics ("Employees' Code") where all employees always have access to it. The Employees' Code adopts the following seven (7) key core pillars of behaviour, conduct and practice for guidance and implementation:</p> <ul style="list-style-type: none">• Competence• Compliance• Integrity• Consumer Protection• Confidentiality• Objectivity• Work Environment <p>Through the Directors' Code and the Employees' Code, the Board sets the tone for professional, compliant and proper ethical behaviour expected of the Board members and the employees of the Group.</p> <p>The Directors' Code and the Employees' Code which are accessible on the Company's website at www.mercurysecurities.com.my, are reviewed periodically as and when required to ensure that the standards of professional behaviour are updated and continue to be relevant.</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 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 acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality, objectivity, accountability and sustainability in the conduct of its business and affairs.</p> <p>The Board has thus established a Whistleblowing Policy and Procedures with the aim to provide an avenue to employees or external parties to report any improper conduct, unethical, fraudulent and malpractices by employees, Management or Directors regardless of their position so that damage controls and remedial actions can be taken properly. The Board has established the Anti-Bribery and Anti-Corruption Policy and Guidelines that contains policies and guidelines relating to standards and ethics that all employees are expected to adhere to in the course of their work and to the public at large, as part of the Group's commitment in combating bribery and corruption.</p> <p>The Whistleblowing Policy and Procedures as well as the Anti-Bribery and Anti-Corruption Policy and Guidelines are accessible at the Company's website: www.mercurysecurities.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 Board recognises the importance of business sustainability and is committed to deliver long term sustainable values to the stakeholders of the Group.</p> <p>The Board together with the Senior Management understand the importance of pertinent economic, environmental, social, and governance factors which are an integral part of the Group's social obligations as a responsible corporate entity when conducting its business which affect the Group's performance.</p> <p>The Board and Senior Management have been actively taking in the sustainability in every major decision-making process and have been continuously engaged and considered the views of its internal and external stakeholders to better understand and manage the Group's sustainability risks and opportunities.</p> <p>The identification of relevant sustainability matters is discussed in the Sustainability Statement as included in the Company's Annual Report 2023, which is available on the Company's website at www.mercurysecurities.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 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board understands the importance of the various stakeholders who has a significant impact in the Group’s business and operations, and therefore, the success of the business is dependent on maintaining communication and strong relationships with various stakeholders, especially on the Group’s sustainability strategies, priorities and targets as well as performance against these targets.</p> <p>The Board carried review with the management team on the discussion on sustainability reporting. The Group’s sustainability, environmental, governance structure, sustainability and initiatives are described in the Sustainability Statement as included in the Company’s Annual Report 2023 and available on the Company’s website at www.mercurysecurities.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 4.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Senior Management updates the Board on sustainability related developments and initiatives at Board meetings to ensure that matters are communicated and managed on a timely basis. The Directors are also encouraged to attend trainings to gain further insights on matters relating to economic, environment, social and governance factors.</p> <p>The training programmes attended by certain Board members during the financial year ended 31 October 2023 which include certain of the above-mentioned topics are set out in the Company's Annual Report 2023.</p> <p>The Board remains committed to abide by all applicable environmental laws and regulations in relation to climate change, energy use and waste management. Regular review on any risks and potential challenges is essential to ensure that the risks inherent to the Group's business and operations are being appropriately managed.</p> <p>Looking ahead, the Board will continue to be committed to maintaining a proactive approach in staying updated with emerging sustainability issues. By continuously keeping abreast of the latest developments, trends, and best practices in sustainability, the Board ensures that it remains well-prepared and capable of effectively addressing and leveraging sustainability opportunities and challenges that may arise.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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 recognises the importance of sustainability in all its business and operations and has included sustainability as one of the criteria in the performance evaluations of the Board members.</p> <p>The Nomination Committee assist the Board to review annually, the effectiveness of the Board and all the Board Committees as well as the performance of individual Directors. The evaluation involves individual Directors and Board Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Board Committees, their effectiveness and where improvements could be considered.</p> <p>Having considered the Nomination Committee’s evaluation, the Board is satisfied that the Directors and Senior Management possess the necessary skills and expertise and have sufficiently discharged their duties and responsibilities efficiently in addressing the Group’s material sustainability risks and opportunities during the financial year ended 31October 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

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>The Group has formed the Corporate Sustainability Committee supported by working groups (such as business units and departments) to assist the Board in overseeing the formulation, implementation and effective management of the Company's sustainability agenda in line with its sustainable strategies.</p> <p>Performance evaluations of the Board and the Senior Management in addressing the Company's material sustainability risks and opportunities has been conducted for the financial year under review.</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>The Nomination Committee reviewed the composition of the Board and Board Committees and tenure of the Independent Non-Executive Directors after the financial year ended 31 October 2023 in line with the best practices of corporate governance.</p> <p>With regards to the annual re-election, the Nomination Committee assessed the retiring Directors based on their contribution, attendance and participation at meetings, industry and business knowledge, skills, expertise, time commitment, fit and proper criteria and independence of the Independent Non-Executive Directors.</p> <p>In accordance with Clause 76(3) of the Company's Constitution, one third (1/3) of the Directors, or the number nearest to but not less than one-third (1/3) are to retire by rotation at every annual general meeting. Dato' A. Rahman Bin Safar and Mr. Chan Kim Hing are due for re-election pursuant to Clause 76(3) of the Company's Constitution at the forthcoming Annual General Meeting to be held on 29 March 2024.</p> <p>The Board concurred with the Nomination Committee's evaluation that the Directors possess the skills, expertise, and competence, have allocated sufficient time and attention to the affairs of the Company, carried out their fiduciary duties professionally and have met the fit and proper criteria stated in the Directors' Fit and Proper Policy. The Independent Non-Executive Directors also complies with the independence requirements and is able to demonstrate objective judgement in the discharge of his duties.</p> <p>Hence, the Board unanimously supports the re-election of the abovenamed Directors and recommends shareholders to vote in favour of the re-election of the above Directors at the forthcoming Company's Annual General Meeting. The Directors concerned had abstained from all deliberations and decisions in relation to their own eligibility to stand for re-election and will continue to do so at the forthcoming Annual General Meeting.</p> <p>The information of the Directors who are subject to re-election is set out in the Directors' Profile of the Company's Annual Report 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

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	:	As at the date of this Report, the Board consists of six (6) Directors, four (4) of whom are Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Non-Independent Executive Director who is also the Managing Director.	
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 5.3

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	:	Presently, the tenure of all the four (4) Independent Non-Executive Directors does not exceed a cumulative term of nine (9) years as recommended by the Malaysian Code on Corporate Governance 2021.	
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.

<i>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.</i>	
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 Nomination Committee is responsible for making recommendations to the Board for the appointment of new Directors and Senior Management. All nomination to the Board shall first be assessed and considered by the Nomination Committee. The Nomination Committee will take into account, the required mix of skills, experience and the candidates' character, competency, integrity, time commitment and fit and proper criteria, before being recommended to the Board. The Nomination Committee also considers, in making its recommendation, candidates for directorship sourced from independent resources and those proposed by the Managing Director/Chief Executive Officer (if any) and, within the bounds of practicability, by any other senior executive or any Director or substantial shareholder.</p> <p>The Board has adopted the Directors' Fit and Proper Policy in ensuring that the appointment and re-election of the members of the Board are based on identified key criteria, i.e., character, integrity, experience, competence, time availability and commitment, to enable them to discharge their stewardship roles and responsibilities effectively in the best interest of the Group. The abovementioned policy is available on the Company's website at www.mercurysecurities.com.my.</p> <p>The Nomination Committee meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committees. Based on its recommendation, the Board evaluates and decides on the appointment of the proposed candidate as an additional Director or to replace any Director who resigns or retires from the Board and Board Committees.</p> <p>The Company presently does not have any formal diversity policy in term of cultural background, and age for Senior Management but has a formal policy requiring at least 30% of the Directors to be female. The Nomination Committee and the Board are of the opinion that it is important to recruit and retain the best available</p>

	<p>talent regardless of cultural background and age to maximise the effectiveness of the Board and Senior Management, taking into account the balance of skills, experience, knowledge, time commitment, independence and the Group's needs and circumstances.</p> <p>During the financial year ended 31 October 2023, the composition of the Board with two (2) female Directors out of a total of six (6) Directors achieved the female gender percentage of at least 30% as recommended in the Malaysian Code on Corporate Governance 2021.</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 5.6

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 Nomination Committee adheres to a formal and transparent procedure for the nomination and appointment of new Directors. Prospective candidates are identified from various sources, including independent sources as stated in the Nomination Committee's Terms of Reference which is accessible at www.mercurysecurities.com.my.</p> <p>The Nomination Committee seeks suitable candidates from diverse professional and business backgrounds who have the character, qualifications, experience, integrity, competence and time to effectively discharge the role as a Director. In the case of an Independent Non-Executive Director, the independence of the candidate will be considered.</p> <p>The Nomination Committee evaluates the suitability of each candidate (including fit and proper) before recommending to the Board. The final decision on the appointment of new Director(s) solely lies with the Board as a whole.</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 Nomination Committee assessed the Directors who are seeking for re-election at the forthcoming Company's Annual General Meeting. The Profile of Directors, which includes information on the Directors' qualifications, working experience, directorship in other public companies and listed issuers and conflict of interest is disclosed in the Company's Annual Report 2023. Details of the Directors' attendance at the Board and Board Committees' meetings are available in the Corporate Governance Overview Statement, whilst their interests in shareholdings are disclosed in the Analysis of Shareholdings section in the Company's Annual Report 2023. The Board's statement and justification to support the re-election of the Directors are set out in Practice 5.1 herein, the Corporate Governance Overview Statement and the Nomination Committee's Report as enclosed in the Company's Annual Report 2023.</p> <p>Should there be any new appointment of Director(s), the information of newly appointed Director(s), including the respective Director's interest, qualification, position, working experience, occupation and conflict of interest (if any) will be disclosed in the announcements pertaining to their appointments which are submitted to Bursa Securities Malaysia Berhad.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The three (3) members of the Nomination Committee are all Independent Non-Executive Director with Ms. Himahlini A/P M. Ramalingam @ Yalumalai as the Chairman.	
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	:	There are two (2) female Directors, both of whom are Independent Non-Executive Director, comprising more than 30% of the Board composition of six (6) Directors 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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is supportive of gender diversity on the Board and in Senior Management team. In this regard, the Company had a policy on gender diversity of Directors whereby at least 30% of Directors shall be female. However, the Board has not formalised any gender diversity policies and targets and the measures taken to meet those targets for Senior Management team.</p> <p>Notwithstanding, the Company has at all times practice non-discrimination on the basis of, but not limited to, age, gender, ethnicity or religion, educational and cultural background when selecting Senior Management members. It believes that an inclusive culture will enable the Company to leverage differences in perspective, knowledge, skills, track records and experience in achieving a sustainable and balanced development. All appointments have been and will be based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.</p> <p>Whilst acknowledging the recommendation of the Malaysian Code on Corporate Governance 2021 on gender diversity for Senior Management, the Board is of the collective opinion that there is no necessity to adopt a formal gender diversity policy for Senior Management as the Group is committed to provide fair and equal opportunities and nurturing diversity of talents within the Group. The Nomination Committee and the Board will consider gender diversity as part of its future selection process and will look into increasing female representation in the Senior Management team going forward.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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	: After the financial year ended 31 October 2023, an annual evaluation was undertaken to assess the performance and effectiveness of the Board, each Board Committee and each individual Director. The process was internally facilitated and conducted through circulation of evaluation forms, which included self-evaluation and peer evaluation, to the Board members. The duly completed evaluation forms were collated and the results were tabled to the Nomination Committee. Based on the results, the Nomination Committee was satisfied that the Board and Board Committees are effective as a whole, considering the required mix of skills, size and composition, experience, core competencies and other qualities. The Nomination Committee was also satisfied that each of its Directors is fit and proper and has the character, experience, integrity, competence and time to effectively discharge their respective role. The results and the findings from the Nomination Committee were reported to 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

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place policies and procedures to determine the remuneration of Directors and Senior Management and these are reflected in the Terms of Reference of the Remuneration Committee and the Remuneration Policy for Directors and Senior Management which are available on the Company's website at www.mercurysecurities.com.my.</p> <p>The Remuneration Committee reviews and recommends the remuneration of the Directors and Senior Management to the Board and may seek external advice from expert to benchmark remuneration practices of relevant competitors in the market place, as and when deemed necessary. The Director concerned will abstain from deliberations and voting on the decisions regarding his remuneration. The remuneration is aligned with the business strategy and long-term objectives and reflects the respective Director's responsibilities, expertise and complexity of the Group's business activities.</p> <p>The Executive Director does not receive Directors' fees from the Company and subsidiaries and his remuneration package comprises salaries, other emoluments, bonuses and benefits-in-kind. The Executive Director played no part in deciding his own remuneration. The respective Board members shall abstain from all discussion pertaining to their remuneration. The Board will review the recommendation from the Remuneration Committee on the remuneration package of the Executive Director.</p> <p>Non-Executive Directors receive Directors' fees which are not linked to the Group's financial results. The determination of Directors' fees for all Directors shall be a matter for the Board as a whole. The Board will then recommend the payment of the Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at each Annual General</p>

	Meeting of the Company in accordance with Section 230(1) of the Companies Act 2016. Directors who are also shareholders will abstain from voting at the Annual General Meeting to approve their own remuneration.	
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	:	The Remuneration Committee which comprises of all Independent Non-Executive Directors is responsible for setting the framework and making recommendations to the Board on matters concerning the general remuneration policy of Directors and Senior Management. The Remuneration Committee's Terms of Reference which deals with its authority and duties is available on the Company's website at www.mercury securities.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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The remuneration of Directors paid and payable by the Company and the Group for the financial year ended 31 October 2023, on a named basis is set out in the attached table and is also disclosed in the Corporate Governance Overview Statement included in the Company's Annual Report 2023.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Baharon Bin Talib	Independent Director	8	1	-	-	-	-	9	8	1	-	-	-	-	9
2	Mr. Chew Sing Guan	Executive Director	-	-	-	-	-	-	-	-	-	300	-	16	13	329
3	Dato' A. Rahman Bin Safar	Non-Executive Non-Independent Director	4	1	-	-	-	-	5	28	1	-	-	-	-	29
4	Mr. Chan Kim Hing	Independent Director	4	1	-	-	-	-	5	4	1	-	-	-	-	5
5	Datin Chua Suat Khim	Independent Director	4	1	-	-	-	-	5	4	1	-	-	-	-	5
6	Ms. Himahlini A/P M. Ramalingam @ Yalumalai	Independent Director	4	1	-	-	-	-	5	4	1	-	-	-	-	5
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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Intended Outcome

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

Practice 8.2

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 notes the disclosure requirement of the top five (5) Senior Management's remuneration on a named basis and in bands of RM50,000.00 for corporate transparency. The Board has considered the matter and maintains the view that such disclosure is not in the best interest of the Company/Group due to the highly confidential/sensitive nature of this information and concerns of key talent poaching in view of the competitive nature of the industry.</p> <p>The Board will review the above situation annually.</p> <p>The Board assures that the remuneration of the Senior Management commensurate with the level of responsibilities, experience, expertise, skills, individual performance and the overall performance of the Group. The Board opines that the current remuneration package is competitive to attract, retain and motivate the Senior Management to lead and operate the Group successfully. Excessive remuneration pay-out is not made to the Senior Management personnel in any instance. Notwithstanding that, the remuneration of Senior Management on an unnamed basis and disclosed in bands of RM50,000 is disclosed in the Corporate Governance Overview Statement as included in the Company's Annual Report 2023.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Dato' Baharon Bin Talib is the Independent Non-Executive Chairman of the Board. Mr. Chan Kim Hing, an Independent Non-Executive Director is the Chairman of the Audit and Risk Management Committee.</p> <p>The Audit and Risk Management Committee comprises three (3) members all of whom are Independent Non-Executive Director. With the position of the Chairman of the Board and Chairman of Audit and Risk Management Committee held by different individuals, the Board is able to objectively review the Audit and Risk Management Committee's findings and recommendations.</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>None of the members of the Audit and Risk Management Committee are former audit partners of the current external audit firm of the Group, Grant Thornton Malaysia PLT.</p> <p>The Board is committed to ensuring the effectiveness and independence of the Audit and Risk Management Committee. The Company requires a former partner of the Company's external audit firm and/or affiliate firm (including those providing advisory services, tax consulting, etc.) to observe a cooling-off period of at least three (3) years prior to being appointed as a member of the Board and thus, ensuring that same has been complied for any appointment to the Audit and Risk Management Committee.</p> <p>The Terms of Reference of the Audit and Risk Management Committee is available on the Company's website at www.mercurysecurities.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 9.3

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>As disclosed in its Terms of Reference, the Audit and Risk Management Committee shall assess the suitability, objectivity, and independence of the External Auditors, taking into consideration:</p> <ul style="list-style-type: none">• the competence, audit quality and resource capacity of the External Auditors in relation to the audit;• the nature and extent of the non-audit fees rendered and the appropriateness of the level of fees; and• obtaining assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the term of all relevant profession and regulatory requirements. <p>Before the commencement of the current financial year audit, the Audit and Risk Management Committee has reviewed and deliberated with the External Auditors, namely, Grant Thornton Malaysia PLT, on their Audit Planning Memorandum, covering the audit risk areas, approach, emphasis, and timeline. During the financial year under review, the Audit and Risk Management Committee has monitored and assessed the performance of and independence of the External Auditors and has satisfied itself that the External Auditors have been independent throughout the conduct of their audit engagement. The Audit and Risk Management Committee also noted the External Auditors' independence check and confirmation procedures carried out in the firm as well as no conflict of interest for rendering their non-audit services to the Group presently.</p> <p>In line with the relevant professional standards, the Audit and Risk Management Committee has obtained written assurance from the External Auditors that its personnel were and have been independent throughout the audit engagement.</p> <p>Being satisfied with the External Auditors' performance, timeliness, technical competency and independence with regard to the conduct of the audit, the Audit and Risk Management Committee recommended to the Board for the reappointment of Grant Thornton Malaysia PLT as the Company's External Auditors at the forthcoming Annual General Meeting.</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	:	Adopted
Explanation on adoption of the practice	:	The Audit and Risk Management Committee comprises three (3) members, all of whom are Independent Non-Executive Directors who satisfy the "independence" requirements set out in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 Audit and Risk Management Committee comprises members with professional experience in financial, taxation, general management, strategic planning, law, business environment as well as corporate governance. The diversity in skills coupled with the members being financially literate enable them to be able to understand matters within the purview of the Audit and Risk Management Committee's Terms of Reference including the financial reporting process.</p> <p>The Chairman of the Audit and Risk Management Committee, Mr. Chan Kim Hing graduated with a Bachelor of Science (Hons) from Monash University, Australia and is a member of the Malaysian Institute of Accountants ("MIA") since December 1994 and a fellow member of CPA Australia since June 2015.</p> <p>Datin Chua Suat Khim, a member of the Audit and Risk Management Committee, is a member of the MIA since September 1989, a fellow member of the Chartered Institute of Management Accountants and ASEAN Chartered Professional Accountants since August 2001 and October 2017 respectively. She graduated with a Master of Business at The University of Newcastle, Australia.</p> <p>Ms. Himahlini A/P M. Ramalingam @ Yalumalai is also a member of Audit and Risk Management Committee and she graduated with a Bachelor of Law (Hons) from University of Malaya. In May 2005, she was admitted as an advocate and solicitor of the High Court of Malaya. She specialises in corporate and commercial litigation, corporate restructuring, corporate insolvency and defamation.</p> <p>Members of the Audit and Risk Management Committee attended trainings and talks to keep them updated on developments on</p>

	financial reporting and accounting standards. Updates and developments in the Companies Act 2016 and the ACE Market Listing Requirements are presented by the Company Secretaries, whilst new Accounting Standards and Interpretations pronounced by the Malaysian Accounting Standards Board (MASB) are presented by the External Auditors during the annual Audit Planning Memorandum meeting and from time to time.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility for the Group's risk management and internal control systems, including reviewing its adequacy and effectiveness in line with the business objectives. The Board has established sound risk management and internal control systems, including an ongoing process to identify, evaluate, mitigate/manage, and monitor the significant risks faced by the Group in the achievement of its objectives and strategies. The Board is assisted by the Audit and Risk Management Committee in reviewing the effectiveness of the risk management and internal control systems including the internal audit and compliance functions undertaken by in-house teams.</p> <p>The Board has adopted the Internal Audit Charter to define and establish the mission, objectives, scope of work, status, authority, accountability, and responsibilities of the internal audit function, accessible at www.mercurysecurities.com.my.</p> <p>The Senior Management is responsible for implementing the processes of identifying, evaluating, monitoring, and reporting of risks and internal controls, taking appropriate and timely corrective actions as needed to mitigate and control the risks. Senior Management also provides assurance to the Board that these processes have been carried out accordingly.</p> <p>Details on the Group's risk management and internal control systems are set out in the Statement on Risk Management and Internal Control included in the Company's Annual Report 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	:		
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Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that identification, evaluation and management of significant risks faced by the Group is an ongoing process.</p> <p>Continuous reviews are carried out by the Group's internal audit function and management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The significant audit findings of the internal audit function and the recommendations for improvement are reported to the Audit and Risk Management Committee on a quarterly basis.</p> <p>The Board has received assurance from the Managing Director, the Chief Financial Officer, Head of Internal Audit, Compliance Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Corporate Governance Report.</p> <p>Based on this assurance, the input from relevant assurance providers, as well as from its review, the Board is of the view that the Group's risk management and internal control systems are satisfactory to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Company's Annual Report 2023.</p> <p>The Statement on Risk Management and Internal Control included in the Company's Annual Report 2023 provides an overview on the state of risk management and internal controls within the Group.</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 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has formed the Audit and Risk Management Committee to oversee the risk management framework in the Group as well as to support the Board with risk governance and assists to identify, assess, manage and monitor key business risks to safeguard shareholders' interests and assets of the Group.</p> <p>The Audit and Risk Management Committee comprises of fully Independent Non-Executive Directors and the composition is tabulated as follows:</p> <p><u>Chairman:</u> Mr. Chan Kim Hing</p> <p><u>Members:</u> Datin Chua Suat Khim Ms. Himahlini A/P M. Ramalingam @ Yalumallai</p> <p>The Terms of Reference of the Audit and Risk Management Committee is available for reference on the Company's website at www.mercurysecurities.com.my. Details on the Group's Enterprise Risk Management Framework are outlined in the Statement on Risk Management and Internal Control included in the Company's Annual Report 2023.</p>

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's Internal Audit function is handled independently by the in-house Internal Audit Department which is independent of the operational and trading activities of the Group where it audits.</p> <p>The Internal Audit function reports directly to the Audit and Risk Management Committee on a quarterly basis. The principal role of the Internal Audit function is to undertake independent, regular, and systematic reviews of the risk management and internal control systems to provide reasonable assurance on the adequacy, effectiveness and integrity of the risk management, internal control and governance systems (including whistleblowing and anti-bribery and anti-corruption policies and procedures) of the Group to safeguard the Group's assets and resources.</p> <p>The Board has adopted the Internal Audit Charter to define and establish the mission, objectives, scope of work, status, authority, accountability, and responsibilities of the Internal Audit function of the Group, accessible at the Company's website at: www.mercurysecurities.com.my.</p> <p>The activities of the Internal Auditors during and after the financial year are set out in the Audit Risk and Management Committee Report included in the Company's Annual Report 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

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit function is performed in-house by the Internal Audit Department. The Internal Audit personnel are free from any relationship or conflicts of interest, which could impair their objectivity and independence.</p> <p>The Internal Audit Department is headed by Mr Alex Yong Ann Peng, a bachelor honour degree holder in Mathematics with Economics. He has more than 9 years of internal audit working experience.</p> <p>The Internal Audit Department is an independent function within the Group to assess the adequacy of internal controls and to monitor if the established controls are operating as intended by applying standards on internal auditing promulgated by the Institute of Internal Auditors.</p> <p>The main role of the Internal Audit Department is to provide the Audit and Risk Management Committee with the independent and objective reports on the adequacy and effectiveness of the risk management and internal control systems and the extent of compliance with established policies and procedures as well as the relevant statutory requirements within the Group.</p> <p>The Internal Audit Department adopts a risk-based approach and carries out schedule audits based on Internal Audit Plan approved by the Audit and Risk Management Committee or on ad-hoc basis. The audits covered a comprehensive scope in the areas of operations, finance/accounts and investigation.</p> <p>The activities of the Internal Audit Department during and after the financial year ended 31 October 2023 are set out in the Audit and Risk Management Committee Report included in the Company's Annual Report 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 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 effective, transparent, and timely dissemination of information to shareholders and investors to ensure that they are well informed of activities and major developments of the Company and the Group so as to ensure a credible and responsible market in which participants conduct themselves with the highest standards of due diligence and investors have access to timely and accurate information to facilitate the evaluation of the Company's securities.</p> <p>To maintain an effective communication with the Company's shareholders, the Board communicates information on the operations, activities and performance of the Group through its Annual Report, quarterly financial results, general meetings, various corporate announcements, circulars made to Bursa Malaysia Securities Berhad and where appropriate, via press releases, investors' engagements as well as through the Company's website at www.mercurysecurities.com.my.</p> <p>Apart from the announcements made through Bursa Malaysia Securities Berhad, the Company also provides the Group's corporate and non-financial information including the Company's policies, corporate governance, Board Charter as well as Terms of Reference of each of the Board Committees on the Company's website at www.mercurysecurities.com.my.</p> <p>Another key avenue of communication with the shareholders is at the Company's Annual General Meeting and Extraordinary General Meeting, which serves as the principal forum for dialogue with shareholders where they may raise questions or seek clarification on the Company's performance and business operations as well as the corporate proposals tabled for approval by the shareholders at the Extraordinary General Meeting.</p> <p>At each Annual General Meeting or Extraordinary General Meeting, the Board encourages shareholders to participate in the question-and-answer session. The Board as well as the External Auditors, principal adviser, and other professional advisers (if required) are present to answer any questions raised by shareholders. The notices of general meetings and key matters</p>

	<p>discussed at the Annual General Meeting or Extraordinary General Meeting, if any, are also made available on the Company's website.</p> <p>To maintain transparency and effectively address concerns, stakeholders can direct their queries and concerns to the Company's electronic mail: mercurykl@mersec.com.my.</p> <p>Whilst the Company endeavours to provide as much information as possible to the shareholders and investors, the Company is mindful of the legal and regulatory framework governing the dissemination and/or release of unpublished material and price-sensitive information.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	The notice of the forthcoming Third Annual General Meeting to shareholders is dated 28 February 2024, which is more than 28 days' notice for holding the Company's Annual General Meeting on 29 March 2024.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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>The Company was listed on 19 September 2023 on the ACE Market of Bursa Malaysia Securities Berhad and is schedule to convene the Third Annual General Meeting on 29 March 2024, being the Company's first Annual General Meeting after its listing.</p> <p>All Directors are committed to comply with this Practice 13.2 at the forthcoming Third Annual General Meeting on 29 March 2024 whereby all Directors shall endeavour to attend the Third Annual General Meeting.</p> <p>In addition, the Chief Financial Officer and certain other Senior Management members, the External Auditors and Sponsor, as appropriate will be present at the Annual General Meeting to supplement discussions and provide greater clarity and context where necessary.</p> <p>Shareholders are also given direct access to the Board and are encouraged to participate in the questions-and-answer session. The Board is committed to provide meaningful responses to questions addressed to them by the shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The forthcoming Third Annual General Meeting (“3rd AGM”) will be held at an easily accessible venue to encourage high shareholders' attendance. Shareholders who could not attend the 3rd AGM in person have the option to appoint any persons as their proxy(ies) to attend, participate, speak and vote on their behalf at the said meeting, in accordance with the relevant provisions of the Company's Constitution. The guideline to appointing a proxy has been outlined in the Notice of Third Annual General Meeting.</p> <p>The Board has decided to hold the Company's 3rd AGM physically as the Directors and Senior Management members would like the opportunities to interact face-to-face and engage with the shareholders since the 3rd AGM will be the first meeting with the shareholders after the Company's listing on 19 September 2023, which will enhance the quality and depth of engagement and communication. In addition, the Board had also considered the following:</p> <ul style="list-style-type: none">(i) physical meeting reduces the risk of potential technical issues, disruptions or cyberattacks that could affect the smooth conduct of virtual or hybrid meeting and compromise the security and integrity of the meeting and voting process;(ii) the Company is mindful of the accessibility and convenience of some shareholders, especially those who are not familiar or comfortable with using technology or do not have reliable internet access or devices to participate in virtual or hybrid meeting;(iii) all resolutions set out in the Notice of Third Annual General Meeting are put to vote by poll and the Company has appointed an independent scrutineer to validate the vote to be casted by poll at the 3rd AGM;(iv) the outcome of the resolutions tabled at the 3rd AGM will be announced to Bursa Malaysia Securities Berhad on the same meeting day, which is on 29 March 2024; and

	(v) the Company will publish the minutes of the 3 rd AGM, including the questions and answers, the voting results and the resolutions passed on the Company's website accessible at www.mercurysecurities.com.my within a reasonable timeframe.
	Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

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	: The Board recognises that effective, transparent and continuous communication with the shareholders is essential in managing shareholders' expectations and delivering long-term value-creation for them. At the forthcoming Third Annual General Meeting to be held on 29 March 2024, being the first general meeting to be held after the successful listing of and quotation for the Company's ordinary shares on the ACE Market of Bursa Malaysia Securities Berhad on 19 September 2023, the Directors, the Chairman of the Board and Board Committees will be present to provide responses to the questions posed by the shareholders. Throughout the Annual General Meeting, the shareholders will be given with ample and sufficient opportunity to pose their queries and the Board shall ensure that all the questions are answered. The Company will publish the minutes of the Annual General Meeting, including the questions and answers, the voting results, and the resolutions passed, on the Company's website accessible at www.mercurysecurities.com.my . within a reasonable timeframe.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Not applicable – only physical general meetings were conducted in the financial year
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 13.6

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	: Minutes of the forthcoming Company's Third Annual General Meeting to be held on 29 March 2024 will be uploaded on the Company's website accessible at www.mercurysecurities.com.my within thirty (30) business days from the date of the Third 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	:

**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.

Not applicable to the Group
