

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0051
COMPANY NAME : CUSCAPI BERHAD
FINANCIAL YEAR : December 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board holds ultimate responsibility for the Group's overall performance, strategic direction, and governance. It provides effective leadership within a framework of prudent and robust internal controls, ensuring that risks are properly assessed and managed while delivering long-term shareholder value and protecting the interests of all stakeholders.</p> <p>In discharging their responsibilities, the Board is guided by a clearly defined Board Charter, which outlines their roles and responsibilities. The Board delegates specific functions to the Chief Executive Officer, senior management, and two Board Committees — namely the Audit and Risk Management Committee ("ARMC") and the Nomination and Remuneration Committee ("NRC"). These Committees operate under their respective Terms of Reference and report to the Board with recommendations to support effective and informed decision-making.</p> <p>Besides, the Board establishes the Group's Mission and Vision, ensuring alignment with the Group's corporate strategies and operational goals. These are communicated transparently through the corporate website to enhance stakeholder engagement. The Board also monitors the implementation and sustainability of strategic plans, while ensuring adequate resources are in place to support the achievement of the Group's objectives.</p> <p>In addition, the Board are appointed in accordance with the Fit and Proper Policy, which ensures that all of them demonstrate the integrity, competence, and leadership qualities required to perform their duties effectively.</p> <p>The Board upholds the highest standards of ethics and integrity across the Group, fostering a culture of responsible conduct and ensuring timely, accurate, and compliant financial and non-financial reporting.</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 1.2

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	:	Datuk Jayakumar A/L Panneer Selvam is the Executive Chairman of the Board, responsible for providing strong leadership and strategic direction to the Company. He ensures that the Board functions effectively by implementing good corporate governance practices and fostering positive relationships between Board members and management.	
		During Board meetings, the Chairman leads discussions, allowing sufficient time for deliberations on key matters and encouraging all members to share their views, including dissenting opinions. He also plays a significant role in general meetings, ensuring that resolutions are presented properly and encouraging active participation from shareholders. He allows ample time for questions and ensures that shareholders’ concerns are addressed effectively.	
		In addition to overseeing the Board’s operations, Datuk Jayakumar is responsible for maintaining strong communication with shareholders and other stakeholders to ensure their interests are considered and addressed.	
		The Chairman’s full responsibilities are outlined in the Board Charter, which is available on the Company’s website.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Chief Executive Officer ("CEO") in the Company are held by different individuals, with Datuk Jayakumar A/L Panneer Selvam serving as Chairman and Mr. Fang Kok Hong as CEO. The Board Charter clearly delineates the division of responsibilities between these two roles, ensuring a balance of power and authority within the Company.</p> <p>The separation of the Chairman and CEO roles promotes accountability and facilitates effective oversight. As Chairman, Datuk Jayakumar represents the Board to shareholders and other stakeholders, overseeing the integrity and functioning of the Board and its Committees. Mr. Fang, as CEO, is responsible for the overall management and day-to-day operations of the Group, focusing on organizational effectiveness and the implementation of Board strategies, policies, and decisions.</p> <p>This clear division of responsibilities ensures no individual holds unfettered decision-making powers and reinforces a balanced distribution of authority within the Company.</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 does not serve as a member of any of the Board Committees (i.e. ARMC and NRC). During the financial year, the Chairman does not participate in any of Board Committees' meetings by way of invitation or in any other capacity.
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	:	Choose an item.

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>The Company is supported by two external Company Secretaries, both of whom qualified under Section 235(2) of the Companies Act 2016. They provide essential advisory services to the Board and its Committees, ensuring the effective functioning of the Board and upholding regulatory compliance. The Company Secretaries will advise the Directors on their fiduciary and statutory duties, ensuring adherence to relevant regulations, the Company's Constitution, the Listing Requirements, the Malaysian Code on Corporate Governance (MCCG), and other applicable laws.</p> <p>The Company Secretaries attend all Board, Committee, and shareholder meetings, ensuring that these meetings are properly convened, and that accurate records of proceedings and resolutions are maintained. They also regularly update the Board on new statutory and regulatory changes, as well as best practices in corporate governance, enabling the Board to fulfil its responsibilities effectively.</p> <p>To stay current with evolving regulatory and governance developments, the Company Secretaries actively engage in continuous professional development, attending relevant training and seminars. They also facilitate communication between the Board, Key Senior Management, and Non-Executive Directors to ensure timely and appropriate information flows.</p> <p>Further details on the roles and responsibilities of the Company Secretaries are outlined in the Company's Board Charter, which is available on the Company's website.</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	:	The regular Board and Board Committee meetings are scheduled throughout the year to enable Directors to plan ahead and incorporate these meetings into their schedules.	
		Notices of meetings, along with relevant Board papers compiled by the Company Secretaries, are circulated electronically to all Directors at least seven (7) working days before the meeting, unless an emergency situation arises that requires a shorter notice period. The agenda is structured to facilitate meaningful deliberations, with complete and timely information provided to enable informed decision-making.	
		The minutes of the meetings are prepared by the Company Secretary and include the discussions, decisions, and actions, noting any abstentions by Directors. These minutes are reviewed and confirmed by the Board at subsequent meetings. For exceptional matters requiring urgent decisions between Board meetings, approvals are sought through circular resolutions, which are then tabled for notation at the following Board meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is guided by a Board Charter that establishes a clear framework for the effective discharge of their fiduciary duties. The Charter defines the Board's authority, roles, composition, functions, and responsibilities, ensuring directors understand their duties and are equipped to manage the Company's affairs with due diligence.</p> <p>The Charter also outlines the Board's provision of strategic direction and oversight, including the delegation of authority to various committees to act in the best interests of all stakeholders. Each of the Board Committees are operates under their respective Terms of Reference, which comprehensively outline their roles and responsibilities. While the Board grants discretionary authority to its Committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decisions on all matters rests with the Board.</p> <p>The Board Charter is subject to periodic review and may be amended as necessary to ensure its continued relevance, effectiveness, and alignment with the Company's objectives, practices, and prevailing governance standards.</p> <p>Both the Board Charter and Terms of Reference are available on the Company's corporate website.</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 Company has adopted a Code of Ethics and Business Conduct that establishes clear standards for ethical behaviour and compliance with applicable laws, rules, and regulations. The Code ensures that all Directors and employees uphold the highest standards of ethics and professional conduct in their dealings with both internal and external parties.</p> <p>The Board also adopts various policies to support the Code, such as the Whistleblowing Policy and the Anti-Bribery & Anti-Corruption Policy, reinforcing a zero-tolerance approach towards corruption and bribery. All Directors, employees, and third parties acting on behalf of the Company and Group are required to abide by the Code and these policies.</p> <p>The Board conducts regular reviews of the Code and its associated policies to ensure their continued effectiveness in promoting ethical behaviours and corporate integrity across the Group.</p> <p>The Code and policies are available on the Company's corporate website.</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

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 Company has established a Whistleblowing Policy to promote a culture of transparency, integrity, and ethical conduct. The Policy provides a structured and confidential channel for employees and members of the public to report, in good faith, any suspected misconduct or improper conduct, including financial irregularities, non-compliance, corruption, or abuse of power.</p> <p>To protect whistle blowers, the Policy permits both identified and anonymous disclosures, with assurance of confidentiality and protection from retaliation, victimisation, or unfair treatment, provided the report is made in good faith and without malicious intent.</p> <p>The Board is responsible for overseeing the implementation of the Policy and ensuring effective procedures are in place to address concerns objectively. The Policy is reviewed periodically to ensure its continued relevance and effectiveness.</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 Company has implemented a structured sustainability governance framework to embed Environmental, Social and Governance ("ESG") considerations throughout the Group. The framework defines clear lines of accountability and responsibility across all levels of the organisation to ensure effective implementation and oversight of sustainability initiatives.</p> <p>The Board is committed to promoting sustainable practices that balance economic performance with the expectations of shareholders, stakeholders, and the broader community. They seek to cultivate a culture of sustainability by embedding ESG principles into strategic decision-making and operational execution.</p> <p>Further details of the Group's sustainability initiatives and performance are disclosed in the Sustainability Statement of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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 ensures transparent and consistent communication of the Group's sustainability strategies, priorities, targets, and performance to both internal and external stakeholders. This is achieved through various engagement channels, including meetings, the Company's website, annual reports, and official announcements to Bursa Malaysia Securities.</p> <p>The Company recognises six key stakeholder groups that are either impacted by its operations or have a vested interest in its activities. These include customers, employees, government or regulatory bodies, shareholders or investors, suppliers, and the wider community. The Company will actively engages with these stakeholders to understand their expectations.</p> <p>Further details on the Group's sustainability initiatives and practices are disclosed in the Sustainability Statement of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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 Board acknowledges the importance of understanding sustainability issues, including climate-related risks and opportunities, which are relevant to the Group’s business. All Directors possess a general understanding of the industry in which the Group operates, and they continue to pursue relevant professional development programmes to enhance their knowledge of sustainability matters.</p> <p>Besides, the Board is expected to actively engage in discussions on sustainability and collaborate with management to address key issues. They are also kept informed of emerging sustainability developments through regular briefings by senior management.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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>Following the implementation of the Malaysian Code on Corporate Governance (“MCCG”) 2021, performance evaluations for the Board and its Committees have been updated to include Environmental, Social, and Governance (“ESG”) factors. The updated evaluation forms include specific ESG-related criteria to assess the Board’s effectiveness in driving and achieving the company’s sustainability objectives.</p> <p>In addition, key performance indicators related to sustainability risks and opportunities have been added to senior management’s annual evaluations. This ensures that both the Board and management are aligned in driving the company’s ESG and sustainability agenda.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>As Chief Executive Officer of the Company, Mr. Fang Kok Hong leads the Sustainability Management Group ("SMG") and is the designated senior management member responsible for driving the Group's sustainability agenda.</p> <p>He plays a key role in integrating sustainability considerations into business operations, monitoring the implementation of related initiatives, and ensuring the Group achieves its sustainability milestones and long-term goals, while safeguarding the interests of all stakeholders.</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 and Remuneration Committee ("NRC") will conduct annual assessments on the performance and effectiveness of the Board, its Committees, and the independence of Directors, based on established Terms of Reference of each committee.</p> <p>The NRC also reviews the Board's composition in terms of size, diversity, and the mix of skills and experience. The current structure is deemed appropriate, with a majority of Independent Directors on the Board and all Committees composed entirely of Independent Directors. The Board members collectively possess the necessary expertise to support the Company's needs. However, the NRC continues to seek improvements, particularly in enhancing age diversity and increasing female representation, as there is currently only one female Director.</p> <p>In addition, the NRC reviews the tenure of Directors to ensure compliance with the recommended nine-year limit for Independent Directors under the Malaysian Code on Corporate Governance and the twelve-year limit under the Main Market Listing Requirements.</p> <p>In line with the Company's Constitution, one-third of the Directors retire by rotation each year, with all Directors retiring at least once every three years. The Directors due for retirement are those who have served the longest since their last appointment.</p> <p>At the 45th Annual General Meeting ("AGM"), Datuk Jayakumar A/L Panneer Selvam and Puan Mohaini Binti Mohd Yusof will retire and offer themselves for re-election. The NRC has evaluated both candidates in accordance with the Company's Directors' Fit and Proper Policy and is satisfied that they have effectively carried out their responsibilities. Accordingly, the NRC recommends their re-election for shareholders' approval at the AGM.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is composed of 60% Independent Non-Executive Directors, with three out of the total five Board members fulfilling this role. Following the annual assessment conducted by the Nomination and Remuneration Committee, all Independent Non-Executive Directors have been confirmed to meet the independence criteria set out under the Main Market Listing Requirements.</p> <p>This high proportion of Independent Non-Executive Directors strengthens the Board's ability to make decisions effectively and objectively, ensuring that all decisions are made in the best interests of the Company and its stakeholders.</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 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>As of the financial year ended 31 December 2024, none of the Independent Directors exceeded a cumulative term of more than nine (9) years in the Company.</p> <p>In accordance with the Company’s adopted Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of nine years, an Independent Director may continue to serve on the Board, subject to re-designation as a Non-Independent Director. If the Director wishes to retain their status as an Independent Director beyond this period but within a term not exceeding twelve years, the Board, upon the recommendation of the Nomination and Remuneration Committee, must conduct a rigorous review. This review will assess the Director's independence in both character and judgment, considering the need for progressive Board renewal and ensuring that the Director continues to act impartially.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is composed of qualified individuals who bring a diverse range of skills, experiences, cultural backgrounds, and perspectives. This diversity enhances the Board's deliberations and decision-making processes, ensuring comprehensive and well-rounded governance.</p> <p>The Directors' Fit and Proper Policy, adopted by the Board, provides a structured framework for assessing Directors seeking re-election and potential candidates for Board appointments. The policy includes key criteria such as character and integrity, experience and competence, and time and commitment, ensuring that candidates are equipped to meet the Company's governance needs. The Nomination and Remuneration Committee ("NRC") of the Company conducts rigorous evaluations, considering factors like gender, age, and professional background to ensure a well-balanced and diverse Board.</p> <p>The Board also follows a structured approach to appoint Senior Management, ensuring that candidates possess the necessary qualifications and alignment with the Company's values. The selection process involves sourcing through reputable channels and assessing candidates' character and experience.</p> <p>Besides, the Directors demonstrate their commitment to the Company through consistent attendance at Board and Committee meetings. Despite holding multiple directorships, Directors manage their time effectively, ensuring active participation and fulfilling their responsibilities to the Board.</p> <p>The Board also committed to maintaining the highest standards of independence and transparency. In line with this commitment, the Board confirms that none of its members has any direct or indirect interest in other corporations that could create a conflict of interest with 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

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 NRC is tasked with overseeing the formal and transparent procedures for assessing and recommending candidates for appointment to the Board. The Committee ensures that the Board's composition aligns with the strategic needs of the Company and reflects the required mix of skills, experience, and diversity.</p> <p>The NRC recognizes the importance of an independent and transparent approach to Board appointments. In line with this, the Committee is committed to seeking external sources, when necessary, to identify qualified candidates who meet the evolving needs of the Company. The NRC will not rely solely on recommendations from existing Board members or major shareholders. In accordance with the Terms of Reference of the NRC, a thorough selection and appointment process will be conducted to ensure the best-fit candidates are chosen to support the Company's strategic goals.</p> <p>For the financial year under review, no new appointments were made to the Board.</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 and Remuneration Committee (“NRC”) is responsible for reviewing the performance, contributions, and time commitment of retiring Directors seeking re-election. Based on the assessment conducted in accordance with the Director's Fit and Proper Policy, the NRC is satisfied with the performance and contributions of the retiring Directors eligible for re-election at the forthcoming 45th Annual General Meeting (“AGM”) and recommends their re-election to shareholders for approval.</p> <p>To ensure transparency and facilitate informed decision-making, the profiles of the Board of Directors are provided in the Annual Report. These profiles include detailed information such as age, nationality, date of appointment, directorships in other companies, working experience and any potential conflicts of interest. Justifications for re-election of directors are also included in the explanatory notes accompanying the Notice of the AGM.</p> <p>Besides, any appointment of new Directors is communicated to shareholders through announcements made to Bursa Malaysia Securities Berhad, which include the candidate's background, position, and interest in the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The NRC of the Company is chaired by an Independent Non-Executive Director, Puan Mohaini Binti Mohd Yusof.</p> <p>Her role is central in ensuring that the NRC discharges its responsibilities effectively and independently, in line with the Terms of Reference governing the Committee.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the importance and benefits of gender diversity, recognising that diverse perspectives contribute to more effective deliberations and balanced decision-making.</p> <p>As of the financial year under review, the Board comprises one (1) female Director, representing only 20% of the total Board composition. It falls short of the 30% threshold recommended by the Malaysian Code on Corporate Governance.</p> <p>While the Board currently does not meet the 30% female representation, it has complied with the Main Market Listing Requirements which mandate the inclusion of at least one female director.</p> <p>The Board remains committed to gender diversity and has adopted a Gender Diversity Policy. They ensure that gender is a key consideration in its future selection and succession planning processes. The NRC of the Company will proactively assess and identify qualified female candidates for future appointments, particularly when vacancies arise.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In support of promoting an inclusive and balanced leadership structure, the Board has established and adopted a Gender Diversity Policy. This policy provides a framework for enhancing gender diversity across all levels of the organisation, with a particular focus on the Board and senior management positions.</p> <p>The policy underscores the Board's commitment to increasing female representation in leadership roles, ensuring that gender diversity is considered during the appointment process without compromising on merit or suitability. It is available for reference on the Company's website.</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	:	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	<p>During the financial year, the Nomination and Remuneration Committee ("NRC") conducted a thorough Board Effectiveness Evaluation to assess the overall performance and effectiveness of the Board, its Committees, and individual Directors. The evaluation included individual self-assessments for each Director, as well as a specific evaluation of the independence of the Independent Directors.</p> <p>The evaluation process was conducted via an online platform, with each Director required to complete a detailed questionnaire. The responses were subsequently collated by the Company Secretaries and presented to the NRC for review. The NRC, upon deliberating on the findings, submitted its recommendations to the Board for further consideration.</p> <p>Based on the result of the evaluation, the Board concluded that its composition remains both appropriate and balanced. The Directors possess a diverse range of skills and competencies essential to fulfilling the Company's strategic objectives. The Board is satisfied that all Directors have effectively discharged their duties with professionalism and commitment. Additionally, the Board is confident in the continued independence of the Independent Directors, as evidenced by their objective and impartial participation in Board deliberations.</p> <p>The NRC will continue to monitor and evaluate the effectiveness of the Board and provide recommendations for improvements where necessary.</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 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 delegated the responsibility of establishing the policy framework and making recommendations regarding the remuneration packages and benefits for Directors and Senior Management to the Nomination and Remuneration Committee ("NRC").</p> <p>The NRC conducts an annual review of the remuneration of both the Board and Senior Management to ensure alignment with the Company's corporate performance and prevailing market practices. Based on these reviews, the Chairperson of the NRC presents appropriate remuneration and compensation recommendations to the Board for consideration.</p> <p>The level of remuneration for Non-Executive Directors ("NEDs") is determined by the Board as a whole. NEDs receive fixed monthly or annual fees, in addition to meeting allowances for attendance at Board meetings. In contrast, the remuneration of Executive Directors is tied to both corporate performance and individual contributions. The Directors' fees and benefits for NEDs are subject to approval by shareholders at the general meeting, with the affected individuals abstaining from discussions related to their own remuneration.</p> <p>Furthermore, the remuneration for Senior Management is also linked to corporate and individual performance, ensuring alignment with the Company's strategic goals.</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 level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the NRC, composed entirely of Independent Non-Executive Directors, in accordance with MCCG recommendations. The NRC is tasked with ensuring that the remuneration packages for both the Board and Senior Management are aligned with the Company's performance, long-term objectives, and market standards.</p> <p>The NRC is empowered to evaluate the performance of the Board, assess their remuneration and other benefits, and recommend appropriate remuneration packages for the Board's consideration.</p> <p>The NRC operates under a formal Terms of Reference, which outlines its authority and duties. These terms are made available on the Company's corporate website and are reviewed periodically to ensure alignment with any updates.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The breakdown of each Director's remuneration (both Company and Group) for the financial year is disclosed by category, which includes Directors' fees and allowances, as follows:

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	Datuk Jayakumar A/L Panneer Selvam	Executive Chairman	60,000	5,000	-	-	-	-	65,000	60,000	5,000	-	-	-	-	65,000
2	Dato' Sri Khazali Bin Haji Ahmad	Executive Director	120,000	5,000	-	-	-	-	125,000	120,000	5,000	-	-	-	-	125,000
3	Datuk Mat Noor Bin Nawi	Independent Non-Executive Director	60,000	5,000	-	-	-	-	65,000	60,000	5,000	-	-	-	-	65,000
4	Dato' Sheah Kok Fah	Independent Non-Executive Director	60,000	5,000	-	-	-	-	65,000	60,000	5,000	-	-	-	-	65,000
5	Puan Mohaini Binti Mohd Yusof	Independent Non-Executive Director	120,000	5,000	-	-	-	-	125,000	120,000	5,000	-	-	-	-	125,000

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 believes that disclosing the detailed remuneration components of Senior Management may not be in the best interest of the Company due to confidentiality and sensitivity concerns. Such disclosure could potentially pose challenges in recruitment and talent retention.</p> <p>However, the Board ensures that the remuneration packages for Senior Management are aligned with their performance, with the goal of attracting, retaining, and motivating them to contribute positively to the Company's success.</p> <p>In compliance with the Main Market Listing Requirements, the Company has disclosed the remuneration of the Chief Executive Officer in the Annual Report. However, the remuneration of Senior Management has been reported on an aggregate basis, without the disclosure of individual names.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1								
2								
3								
4								
5								

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								
2								
3								
4								
5								

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	:	The positions of Chairman of the Audit and Risk Management Committee ("ARMC") and Chairman of the Board are held by separate individuals. Datuk Mat Noor Bin Nawi serves as the Chairman of the ARMC, while Datuk Jayakumar A/L Panneer Selvam holds the position of Chairman of 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

There is an effective and independent Audit Committee.

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

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company recognises the importance of safeguarding the independence of its external auditors and is committed to avoiding any potential conflicts of interest.</p> <p>In accordance with the recommendations from Malaysian Code on Corporate Governance and the Terms of Reference of the ARMC, the Company has adopted a policy that requires a minimum cooling-off period of three (3) years before a former key audit partner of the Company’s external auditors can be appointed as a member of the ARMC.</p> <p>Currently, none of the members of the ARMC are former audit partners of the external auditors appointed by the Group.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC conducts an annual review of the appointment or re-appointment of the external auditors, assessing their suitability, objectivity, and independence. The review includes evaluating the scope of statutory audit services, recurring audit-related engagements, and any non-audit services provided, along with the reasonableness of the associated fees.</p> <p>As part of the review process, the external auditors provide confirmation to the ARMC affirming their independence throughout the audit engagement, in accordance with the By-Laws of the Malaysian Institute of Accountants. They also formally declared their independence and professional qualifications in the audit plan presented to the ARMC for the financial period under review.</p> <p>Based on the assessment, the ARMC is satisfied with the competency, suitability, and independence of Messrs UHY Malaysia PLT, the Company's external auditors, and has recommended their re-appointment to the Board. The re-appointment of Messrs UHY Malaysia PLT will be subject to shareholders' approval at the forthcoming 45th 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 ARMC comprises three Independent Non-Executive Directors.

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 Board, through the NRC, conducts an annual evaluation of the composition and performance of the ARMC. This assessment affirms that the ARMC comprises individuals who possess the requisite financial literacy, professional experience, and industry insight to discharge their responsibilities effectively.</p> <p>Under the leadership of Datuk Mat Noor Bin Nawawi, the ARMC provides independent oversight of the Group's financial reporting processes. The Committee engages directly with the Financial Controller and Senior Management to seek clarifications and obtain detailed information on the Group's financial performance and the preparation of financial statements. This proactive engagement ensures that the ARMC remains well-informed and capable of exercising sound judgement during deliberations.</p> <p>To further ensure continued competence, ARMC members also pursue relevant professional development programmes, including conferences, seminars, and training, to remain abreast of evolving developments in financial reporting standards, governance practices, and regulatory requirements.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to maintaining an effective risk management and internal control framework to safeguard the Group's interests.</p> <p>The Audit and Risk Management Committee ("ARMC") plays a critical oversight role in this regard, particularly in monitoring the internal audit function, ensuring the effective implementation of the risk management framework, and evaluating its adequacy and effectiveness on an ongoing basis.</p> <p>In parallel, the Chief Executive Officer, with the support of Senior Management, is responsible for executing the risk management and internal control strategies throughout the Group. This includes fostering a risk-aware culture and ensuring that appropriate systems and controls are embedded in daily operations. The process involves active engagement across all levels of management to identify, assess, manage, and monitor risks that may impact the achievement of the Group's business objectives.</p> <p>Further details of the Group's risk management and internal control framework are provided in the Statement on Risk Management and Internal Control in this Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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, through the Audit and Risk Management Committee ("ARMC"), maintains oversight of the Group's risk management and internal control framework. The ARMC is responsible for supervising related frameworks and policies, and it conducts continuous assessments to ensure their adequacy, effectiveness, and alignment with the Group's strategic objectives.</p> <p>The Internal Audit function supports this oversight by independently evaluating the effectiveness of the risk management and internal control systems. Where necessary, it provides recommendations to enhance processes and mitigate emerging risks.</p> <p>The Group's internal control system is underpinned by clear, formalised, and documented policies, standards, and procedures, which promote compliance with internal requirements and applicable legal and regulatory obligations. This structured approach enables the Company and its subsidiaries to operate effectively while proactively identifying, managing, and responding to business, operational, financial, and compliance-related risks.</p> <p>The key features of the Group's risk management and internal control framework are detailed in the Statement on Risk Management and Internal Control included in the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Company has established the Audit and Risk Management Committee ("ARMC") through the integration of its Audit Committee and Risk Management Committee. The ARMC comprises solely Independent Directors, reflecting the Company's commitment to objective and effective oversight.</p> <p>The ARMC assists the Board in periodically evaluating the adequacy, effectiveness, and integrity of the Group's risk management and internal control systems. This integrated approach ensures a comprehensive and streamlined oversight function, enhancing the governance of both audit and risk-related matters.</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 Company has outsourced its internal audit function to Crowe Governance Sdn. Bhd., an independent professional services firm. This arrangement ensures access to specialised expertise and promotes independent and objective assessments of the Company's internal control and risk management systems.</p> <p>Crowe Governance Sdn. Bhd. reports directly to the Audit and Risk Management Committee ("ARMC"), presenting their internal audit findings and recommendations during scheduled meetings. The internal auditors also conduct follow-up reviews to evaluate the implementation status of management's corrective action plans arising from their audit recommendations.</p> <p>To ensure the continued effectiveness of the internal audit function, the ARMC conducts an annual evaluation of the internal auditors' performance, competency, and independence. This review helps maintain the quality and integrity of the internal audit process.</p> <p>Further information regarding the internal audit function is disclosed in the Statement on Risk Management and Internal Control in the Company's Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Group has appointed Crowe Governance Sdn. Bhd. to carry out its internal audit function. The internal audit activities are conducted in accordance with the Internal Audit Plan, which is approved by the ARMC and the Board.</p> <p>The internal audit team is led by Executive Director, Mr. Amos Law, who holds several professional credentials, including membership in the Certified Internal Auditor designation, IIA Accredited Internal Quality Assessor/Validator, Chartered Member of the Malaysian Institute of Internal Auditors, and Certification in Risk Management Assurance. He is supported by a team of three competent staff members who assist in executing internal audit assignments.</p> <p>The internal audit function is guided by the International Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors, ensuring adherence to global best practices in auditing.</p> <p>To ensure independence and objectivity, none of the personnel at Crowe Governance have familial ties with the Group's Directors or the Company. This structure effectively mitigates any potential conflicts of interest, ensuring that the internal audit team can conduct their work without bias or compromise to their professional judgment.</p> <p>Further details on the internal audit function are disclosed in the ARMC Report of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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 acknowledges the importance of timely and accurate dissemination of material information to shareholders, investors, stakeholders, and the public in accordance with Bursa Securities' disclosure requirements and the Corporate Disclosure Guide.</p> <p>To ensure full compliance with regulatory authorities, the Board is entrusted with the responsibility of reviewing and approving financial results, as well as other significant announcements. Material and price-sensitive information is disseminated promptly to the public to facilitate effective communication regarding the Group's performance and operations.</p> <p>The Company's website, www.cuscapi.com also provides stakeholders with access to all relevant information under the "Investor Relations" section, including announcements made to Bursa Securities, the Annual Report, quarterly results, Board Charter, Terms of Reference for Board Committees, and other corporate policies.</p> <p>In addition to online resources, the Board encourages shareholder participation by hosting question-and-answer sessions during the Annual and Extraordinary General Meetings, providing shareholders with a direct platform for communication with the Board.</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 12.2

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	:	<p>The Company ensures that the Notice of the Annual General Meeting (“AGM”) is circulated to shareholders at least 28 days prior to the scheduled AGM date. The advanced notice will provide shareholders with sufficient time to review the Annual Report and consider the resolutions to be proposed during the meeting.</p> <p>The 28-day notice period also allows shareholders ample opportunity to make necessary arrangements for their participation in the AGM, whether in person or through proxy. By adhering to this practice, the Company supports shareholders in making informed decisions and ensures a transparent and inclusive process during the AGM.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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 AGM serves as the primary platform for the Company to engage with shareholders. The Board strongly encourages shareholders to attend the AGM, as it provides an opportunity for them to raise any concerns or queries during the question-and-answer session.</p> <p>It is mandatory for all Directors, including the Chairman or Chairperson, to attend the AGM. They are expected to actively participate and address shareholder questions, ensuring transparent communication and fostering shareholder confidence. In addition to the Directors, the Company invites the External Auditors and Key Senior Management to attend the AGM to provide professional clarification and respond to any shareholder inquiries related to the Company's financial performance and operations.</p> <p>At the 44th AGM, all Directors were present to engage with shareholders, ensuring a smooth and interactive session.</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	:	Applied
Explanation on application of the practice	:	<p>The 44th AGM of the Company was held fully virtually through live streaming and online remote voting using Remote Participation and Voting ("RPV") Facilities, operated by Agmo Digital Solutions Sdn. Bhd. This approach enabled shareholders and proxies to participate and vote in absentia, ensuring accessibility for all.</p> <p>To ensure smooth participation, the Company provided an administrative guide to shareholders and proxies, outlining the procedures and requirements for remote participation and voting. Through this RPV, registered shareholders and proxies were given the opportunity to electronically submit their questions during the AGM. These questions were subsequently displayed to all meeting participants via the remote online platform, promoting transparency and facilitating effective communication.</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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The Board regards its AGM and other general meetings as key opportunities to communicate directly with shareholders and encourage their active participation. The Board is committed to providing shareholders with a platform to engage meaningfully during these meetings.</p> <p>During the AGM, the Board Chairman ensures that sufficient time is allocated for shareholders to pose questions, express opinions, and provide suggestions on various matters discussed. Key members of Senior Management, including the Chief Executive Officer, Financial Controller, Joint Company Secretaries, and External Auditors, are present to engage with shareholders and address any areas of interest or concern raised.</p> <p>Shareholders are encouraged to interact, ask questions, and voice their opinions throughout the meeting, ensuring transparency and open dialogue.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>The 44th AGM of the Company was conducted as a fully virtual meeting via live streaming and online remote voting RPV facilities operated by Agmo Digital Solutions Sdn Bhd, ensuring accessibility for shareholders to participate remotely.</p> <p>To facilitate smooth participation, the Company issued an administrative guide to shareholders and proxies prior to the AGM. The guide outlined the procedures and requirements for utilizing the remote participation and voting facilities. Upon registration, shareholders were able to submit their questions via the Vote2U online platform, with all questions visible to the meeting participants. During the AGM, the Directors and Senior Management responded to questions in the order they were posed, ensuring that all inquiries were addressed.</p> <p>During the live streaming session, shareholders expressed their votes by selecting the "Voting" button for the resolutions tabled. The voting session was activated when the Chairman announced the opening of the voting platform, and the results were subsequently announced after the completion of the vote counting process.</p> <p>To uphold integrity of voting process, the poll results were verified by Messrs KW Ng & Co., Independent Scrutineers appointed by the Company. The poll results of all the resolutions were presented on the screen during the virtual 44th AGM.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The minutes of the 44 th AGM were circulated to shareholders through the Company's corporate website within 30 business days following the AGM. This ensures that shareholders have timely access to the detailed proceedings and resolutions discussed during the 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.

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