

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0051
COMPANY NAME : Cuscapl Berhad
FINANCIAL YEAR : June 30, 2021

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 as a whole assumes full responsibility of leading, guiding and monitoring the performance of the Group and exploring new opportunities for the Group's continual business growth. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Company while exercising effective oversight on Management's performance, risk assessment and controls over its business operations.</p> <p>The Board continues to ensure its effectiveness and provide strong leadership to the Management by establishing the Group's objectives and targets clearly and communicating these objectives and targets across the Management in the Group. The Board consistently review its strategic plans, performs periodic review of the financial results and oversees the conduct of the Group's businesses.</p> <p>The Board is also promoting good corporate governance and ethical culture across all levels of the Group by adopting the Code of Ethics and Business Conduct, Whistleblowing Policy, and Anti-Bribery & Anti-Corruption Policy.</p> <p>The Company's Board Charter, which also available on the Company's website at www.cuscapi.com, has clearly stated the roles and responsibilities of the Board.</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

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 Board is chaired by Datuk Jayakumar A/L Panneer Selvam, an Executive Chairman. He is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.</p> <p>The Chairman's responsibilities including but not limited to the following:</p> <ul style="list-style-type: none">- Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decision;- Chairing the Board meetings and encourage the most effective contribution from each Director;- Initiating, normally in conjunction with the Management, the formulation of a business plan;- Initiating the establishment of Board Committees and ensuring that they achieve the objectives;- Ensuring high corporate governance;- Encourage all Directors to play an active role in Board activities; and- Chair the general meetings.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The position of Board Chairman and Chief Executive Officer (“ CEO ”) are held by two (2) different Individuals. The Chairman of the Company is Datuk Jayakumar A/L Panneer Selvam whereas the CEO is Mr Anthony Gerald A/L R. Victor. There is a clear division of responsibilities between two roles, which is clearly defined in the Board Charter, to ensure that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision making.	
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 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 Board is supported by a qualified and competent Company Secretary, Mr Tan Tong Lang (MAICSA 7045482). The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators and is qualified to act as Company Secretary under Section 235 of the Companies Act, 2016.</p> <p>The Company Secretary is responsible to provide support and guidance in advising the Board on all secretarial matters of the Company, in particular the compliance of the Bursa Malaysia's Main Market Listing Requirement ("MMLR") as well as to inform and keep the Board updated on the latest enhancements in corporate governance, changes in the legal regulatory framework, new statutory requirements and best practices.</p> <p>The Company Secretary attended all Board and Board Committees meetings and ensured that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and recorded accordingly.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging its functions.</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 1.5

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>Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers are forwarded to each director no later than seven (7) days before the date of the meeting. This is to enable the Directors to obtain further explanation or additional information, where necessary, in order to be properly briefed or prepared before the meetings.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>All the minutes of meetings are circulated and confirmed as a correct record of proceedings by the Board and Board Committees at their next meetings respectively.</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 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 has a formalised Board Charter, which sets out the roles, functions, composition, and processes of the Board. The Board Charter provides guidance to the Board, Board Committees, Directors and Management of the Company in the fulfilment of its roles, duties and responsibilities which are in line with MMLR and the principles of Malaysian Code on Corporate Governance (“MCCG”).</p> <p>The Board Charter is reviewed as and when necessary to keep it up to date with changes in regulations and best practices and ensures its effectiveness and relevance to the Board’s objectives.</p> <p>The Board Charter is made available on the Company’s website at www.cuscapi.com.</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 is committed in maintaining a corporate culture which engenders ethical conduct. Therefore, the Board has formalized a Code of Ethics and Business Conducts which sets out the standard of business conduct and ethical behaviour expected of Directors and employees of the Group in term of performance and exercise of their respective duties and responsibilities, with the aim of cultivating good ethical business conducts to promote transparency, integrity, accountability and social responsibility.</p> <p>The Directors and employees are expected to behave ethically and professionally to protect and promote the reputation and performance of the Company. The Group communicates the Code of Conduct and Ethics to its Directors upon their appointment.</p> <p>The Code of Ethics and Business Conducts is available on the Company's website at www.cuscapi.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has set up a whistleblowing policy to support the Company's values and to provide a transparent and confidential process for all dealings with concerns.</p> <p>The whistleblowing policy is designed to enable for all stakeholders including but not limited to employees, customers, suppliers, government bodies and financial institutions to raise genuine concerns of possible improprieties perpetrated with the Group.</p> <p>If any employee believes reasonably and in good faith that malpractice exists in the workplace, the employee should report to the senior management (i.e. Chief Executive Officer or Chief Financial Officer) or Executive Chairman.</p> <p>The whistleblowing policy is made available on the Company's website at www.cuscapi.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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	:	More than half of the Board members are Independent Non-Executive Directors.	
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 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
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

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to 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 4.4

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance and benefits of boardroom diversity in terms of age, gender, nationality, ethnicity and socio-economic background. The appointment of Board and Senior Management of the Company are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Group adheres strictly to the practice of non-discrimination of any form.</p> <p>The Nomination and Remuneration Committee (“NRC”) considers diversity generally when making appropriate appointments to the Board and senior management, taking into consideration relevant skills, ethnicity, age, experience and knowledge. The Company will work towards this objective as and when vacancies arise and suitable candidates are identified. The primary responsibility in new appointments must always be to select the best candidate available.</p> <p>Currently, there is one female Director on the Board of 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 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is supportive of the recommendation of MCGG to the establishment of boardroom and workforce gender diversity policy. The Board does not have specific policies on setting target for the appointment of female Director to the Board.	
		Currently, there is one (1) female Director out of five (5) Directors which represents 20% of the Board.	
<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 4.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The proposed appointment of a new member to the Board will be deliberated by the full Board based upon the recommendation of the NRC.</p> <p>Before making the recommendations, the NRC will evaluate a candidate by considering the following or seek professional advice from independent search firms, if necessary:</p> <ul style="list-style-type: none"> - skills, knowledge, expertise and experience; - commitment (including time commitment) to effectively discharge his/her role as a Director; - professionalism; - boardroom diversity including gender, age, professional background and experience diversity; - character, integrity, commitment (including time commitment) and competence; and - in the case of candidates for the position of Independent Non-Executive Directors, the Committee will evaluate the candidate's ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.
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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC is chaired by Pn Mohaini Binti Mohd Yusof, who is an Independent Non-Executive Director of the Company.	
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 form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC had carried out annual assessment on the effectiveness of the Board as a whole, the Board Committees and the performance of each individual Director for the financial year ended 30 June 2021. The evaluation process was based on self- assessment and the assessment results were deliberated and presented to the Board. The results of the assessments have been tabled during the NRC meeting for the deliberation purpose.</p> <p>Based on the assessment of Board effectiveness as a whole, it was concluded that the Board and Board Committees have discharged their duties and responsibilities adequately.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

The board has in place 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 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 recognises that the level and composition of remuneration of Directors and senior management should 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.</p> <p>As such, the NRC is empowered to make recommendations on the Executive Directors' remuneration. The Executive Directors' and Senior Management's remunerations are linked to the corporate and individual performance. Determination of remuneration packages of Non-Executive Directors is a matter of the Board as a whole. The individuals concerned will abstain from discussion of their own remuneration. The NRC is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration. Non-Executive Directors are paid by way of fixed monthly fees or annually and a meeting allowance for each meeting attended.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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 a NRC which comprises solely of Independent Non-Executive Directors, which assist the Board for determining the remuneration of Directors' and Senior Management.</p> <p>Amongst the NRC's duties outlines in the Terms of Reference are:-</p> <ol style="list-style-type: none">1. To review and determine the annual salary increment, performance bonus and incentives for Executive Directors and Senior Executives;2. To review and determine the other benefits-in-kind for Executive Directors and Senior Executives; and3. To review and recommend to the shareholders during the general meeting on the Directors' fees for the Non-Executive Directors of the Company. <p>The NRC upon the annual review, will recommend to the Board as a whole to determine the remuneration packages for the Directors. The respective members shall abstain from discussion on their own remuneration.</p> <p>The Terms of Reference of NRC is accessible on the Company's website at www.cuscapi.com.</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 7.1

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 detailed disclosure on named basis for the remuneration of individual directors are disclosed in the Corporate Governance Overview Statement in the Annual Report 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

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 7.2

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	:	The Board is of the view that the disclosure on a named basis of the top five (5) Senior Management officers may lead to an invasion of privacy and may expose named officers to an unwarranted attention. Nonetheless, the remuneration of senior management is disclosed on the Annual Report 2021 in the bands of RM100,001 to RM300,000 without reflecting the names of the individuals.	
		The Board wishes to give assurance that the Group is highly cognisant on market norms and does strive to ensure that the remuneration accorded to Key Senior Management is competitive and not unduly excessive.	
<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 7.3 - 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	:	

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 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of Audit Committee (" AC ") is Datuk Mat Noor Bin Nawi, an Independent Non-Executive Director of the Company. He is not the 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 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Currently, none of the members of the Board are former key audit partners of the Company.</p> <p>The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the AC was a key audit partner of the external auditors of the Company.</p> <p>The policy is reflected in the Terms of Reference of AC.</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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC is responsible for assessing the suitability, objectivity and independence of the external auditor and to make subsequent recommendations to the Board on the appointment or reappointment or termination of the external auditor.</p> <p>The AC reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis. In support of the assessment on independence, the external auditors are required to declare their independence annually to the AC and they have provided to the AC the said declaration throughout the audit engagement in accordance with the external auditors firm's policies on client independence.</p> <p>The AC also has reviewed and monitored the nature, extent and level of fees for non-audit services rendered by the external auditor to ensure independence and objectivity of the external auditor.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	As at the date of this report, the AC comprises of three (3) members, All of whom are 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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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	:	Collectively, the members of the AC are financially literate and are able to understand the Company's business and matters under the purview of the AC including the financial reporting process. The qualification and experiences of the individual AC members are disclosed in the Profile of Board of Directors in the Annual Report 2021. The AC members will continue to undertake continuous training program to keep themselves abreast with relevant developments in accounting and auditing standards, practices and rules as and when required.	
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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that risk management is an integral part of the Group business operations. It is an ongoing process which involves different levels of managements to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.</p> <p>Significant issues related to internal controls and risk management are highlighted to the Board. If deemed necessary, assistance from external parties shall be consulted on issues in which the Board needs to seek an opinion.</p> <p>Details of the Group's risk management and internal control framework are set out in its statement on Risk Management and internal control of the Company's Annual Report 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

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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The features of the Group's risk management and internal control framework and the adequacy and effectiveness of this framework is disclosed in the Statement of Risk Management and Internal Control which can be found in the Company's Annual Report 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

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 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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 carried out by an outsourced internal audit firm which is independent of the activities of audits, namely Crowe Governance Sdn. Bhd. ("the internal auditor"). The internal auditor reports directly to the AC and has direct access to the Board through the Chairman of the AC.</p> <p>The internal auditor has adequate resources and appropriate standing to undertake their work independently and objectively to provide reasonable assurance to the AC with regard to the adequacy and effectiveness of risk management, internal control and governance processes.</p> <p>Details of the internal audit function are set out in the AC Report in the Annual Report 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

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

Practice 10.2

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 outsourced its internal audit function to a professional service firm named Crowe Governance Sdn. Bhd., which is independent of the activities and operations of the Group as well as free from any relationship or conflict of interest or undue influence of others which could impair their independence.</p> <p>The internal audit function is headed by its Executive Director, Amos Law, who is a Certified Internal Auditor (CIA), an IIA Accredited Internal Quality Assessor/Validator, a Chartered Member of the Malaysian Institute of Internal Auditors (CMIIA) and a holder of the Certification in Risk Management Assurance (CRMA), who reports directly to the AC.</p> <p>Further details are disclosed in the AC Report of the Annual Report 2021.</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 11.1

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 equal dissemination of material information to the shareholders, investors and public at large.</p> <p>In providing timely disclosures to the shareholders, all required/material announcements will be released within the stipulated time given to Bursa Securities. All announcements to the Bursa Securities and other information about the Company are available on the Company's website which shareholders, investors and public may access via www.cuscapi.com.</p> <p>The Board also provides question and answer session in its Annual General Meeting ("AGM") as one of the platforms for shareholders to voice up their concerns on the Company's operating environment.</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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable, as the Company is not a large company as defined under MCGG.	
<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 12.1

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 41 st AGM of the Company held in year 2020 was issued more than twenty-eight (28) days prior to the meeting. This was to ensure that shareholders were given sufficient time to read and consider the resolutions to be resolved.	
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 12.2

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>Barring any unforeseen circumstances, all Directors are committed to attend the meeting of members of the Company.</p> <p>The presence of all Directors presented opportunities for the shareholders to engage with each Director and allowed the shareholders to raise questions and concerns to the Directors directly.</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 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied	
Explanation on application of the practice	:	In line with the Government's initiative to curb the spread of Covid-19 and Securities Commission's Guidance Note, the Group has conducted its 41 st AGM on a virtual basis through live streaming and online remote voting.	
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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