



## **BOARD POLICY ON ASSESSMENT OF INDEPENDENCE OF DIRECTORS**

### **1. INTRODUCTION**

- 1.1 Independent directors bring independent and objective judgment to the Board and mitigate the risks arising from conflict of interest or undue influence from interested parties.
- 1.2 In ensuring that independent judgments are not compromised, an annual assessment of the independence of its independent directors shall take place annually based on criteria set by the Bursa Malaysia Securities Berhad (“Exchange”) and the Board.
- 1.3 These criteria shall be applied upon admission, annually and when any new interests or relationship develops.

### **2. TEST OF “INDEPENDENCE”**

- 2.1 In assessing the independence of an independent non-executive director, the Board will adopt the criteria specified by Bursa Malaysia Securities Berhad under Chapter 1 and Practice Note 13 of the Listing Requirements as well as the recommendations made under the Malaysian Code on Corporate Governance 2017.
- 2.2 An independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company.
- 2.3 Generally, all facts and circumstances will be considered in determining the independence of a Director under the above definition. However, it is accepted that it is not possible to provide all circumstances that will indicate conflict of interest or a material relationship.
- 2.4 Nevertheless, Directors are required to update and disclose to the Board with any new information in relation to interest or relationships relevant to independence.
- 2.5 An assessment of the independence of Directors will be conducted on an annual basis or as and when a disclosure is made by any Director in respect of any new interest or relationship.

### **3. DISCLOSURE**

3.1 The Board will make the following disclosure to shareholders in the Company's Annual Report:

- (a) Independent and non-independent Directors will be identified and the basis of the assessment of independence is based will be stated.
- (b) Any assessment of independence for a Director who does not meet the criteria will be specifically explained.
- (c) Material relationships, associations and other business of each Director will be described and the period of office held by each Director will be stated.

### **4. CRITERIA AFFECTING A DIRECTOR'S "INDEPENDENT" STATUS**

- 4.1 The Director is involved in management, business and other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the listed issuer.
- 4.2 The Director is an executive director of the CCM and its related corporation (hereinafter referred to as "Corporation")
- 4.3 The Director has been within the last 2 years and is an officer of the Corporation as defined under Section 2 of the Companies Act 2016.
- 4.4 The Director is a major shareholder of the Corporation.
- 4.5 The Director is a family member of any executive director, officer or major shareholder of the Corporation.
- 4.6 The Director has been engaged as an adviser by the Corporation under such circumstances as prescribed by Bursa Malaysia or is not presently a partner, director (except as an independent director) or major shareholder of a firm or corporation (hereinafter referred to as "Entity") which provides professional advisory services to the Corporation within the last two years as prescribed by the Bursa Malaysia and the consideration in aggregate is more than 5% of the gross revenue on a consolidated basis (where applicable) of the said Director or the Entity or RM1 million, whichever is the higher.

The computation of the gross revenue of the Entity is based on its annual audited financial statements for the last two financial years or based on the income tax return of the Director or Entity in respect of services rendered personally by Director, as prescribed under Practice Note 13 of the Bursa Malaysia Listing Requirements.

- 4.7 The Director has been engaged in any transaction with the Corporation under such circumstances as prescribed by Bursa Malaysia personally or is not presently a partner, director or major shareholder of a firm or corporation (other than subsidiaries of the listed issuer) which has engaged in any transaction with the Corporation within the last two years as prescribed by Bursa Malaysia and the consideration in aggregate is more than 5% of the gross revenue on a consolidated basis (where applicable) of the Director or the Entity or RM1 million, whichever is the higher.

The computation of the gross revenue of the Entity is based on its annual audited financial statements for the last two financial years or based on the income tax return of the Director or Entity in respect of services rendered personally by Director, as prescribed under Practice Note 13 of the Bursa Malaysia Listing Requirements.

For the purpose of the above, “**Transaction**” shall exclude transactions:

- (i) on normal commercial terms entered into between the Corporation and the Director or between the Corporation and an Entity where the said Director is a director, major shareholder or partner:
  - (a) for personal use of the said Director; or
  - (b) for personal investment of the said Director but not for the purpose of carrying on a trade or business;
- (ii) on normal commercial terms entered into between the Corporation and an Entity where the Director is also a director (and not a major shareholder) but is not involved in the said transactions;
- (iii) for the following goods and services, provided that they are sold or rendered based on a non-negotiable fixed price or rate, which is published or publicly quoted and the material terms including the prices or charges are applied consistently to all customers or classes of customers:
  - (a) provision or usage of public utility services such as water, electricity and telecommunications and data, postal or courier services, services by licensed institutions as defined under the Banking and Financial Institutions Act 1989 (other than professional advisory services which are subject to paragraph 4.1 above), insurance, unit trusts, stockbroking services, public transport education, medical services, provision or usage of tolled highways, hotel facilities and recreational services, provision or consumption of fuel on retail or food and beverage at eateries, provision or purchase of goods at retail outlets such as supermarkets, hypermarkets or departmental stores; and
  - (b) such other type of goods or services that may be prescribed by the Exchange from time to time.

- 4.8 The tenure of the Director exceeds a cumulative term of nine years either in a consecutive service of nine years or cumulative service of nine years with interval.
- 4.9 Upon the completion of the nine years, the Board may, at its absolute discretion, consider re-designating the independent director as a non-independent director if it is so determined that the expertise and experience of the independent director is still required.

## **5. APPLICATION AND REVIEW OF POLICY**

- 5.1 This policy is subject to regular review by the Board and will be amended as appropriate to reflect the current legal and statutory requirements and best practices.
- 5.2 Where appropriate, the Board will adopt the principles and practices of corporate governance and other relevant laws in implementing the policy.
- 5.3 The policy may be amended by resolution of the Board.