CORPORATE GOVERNANCE REPORT

STOCK CODE : 2852

COMPANY NAME : Cahya Mata Sarawak Berhad

FINANCIAL YEAR : 31 December 2020

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 TO 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	The Board of CMS is responsible for the overall governance of the Group and is accountable to shareholders for the performance of CMS. The Board is committed to act in the best interests of the Company and its stakeholders by exercising due diligence and care in discharging its duties and responsibilities. The Board together with Management is committed to promote good corporate governance (CG) culture within the Group which reinforces ethical and professional behaviour. The Board has in place relevant policies and procedures to promote a culture of integrity and ethics within the Group as a whole that are in line with the CG practices as guided by Main Market Listing Requirements and the Malaysian Code on Corporate Governance. The Board is also guided by its Board Charter to discharge its duties and responsibilities effectively. Specific functions are delegated by the Board to the Board Committees, namely the Group Audit Committee (GAC), Nomination & Remuneration Committee (NRC), Group Risk Committee (GRC), Digital Transformation Committee (DTC), newly established Employees' Share Option Scheme Committee (ESOS) and Senior Management. The Chairman of the respective Committees report to the Board the outcome of deliberations at each Committee meeting. The principal functions and responsibilities of the Board of Directors include the following: 1. Oversee the development and implementation of the Group's strategic plan and direction The Board works closely with Senior Management to ensure that an appropriate strategic direction and corporate goals are in place. These include the development and approval of strategic plans, major investment and funding proposals, acquisitions and divestment proposals, annual corporate budgets and management plan including

	operating budgets, capital expenditure budgets and cash flow budgets which are regularly reviewed. 2. Internal control and risk management The Board is responsible for maintaining a sound risk management and internal control system to safeguard the interests of stakeholders and the Group's assets. Through the GRC, the Board oversees the risk management framework of the Group. The Board, with recommendation of the GRC, reviews and deliberates the top risks exposure for the Group and via the GAC, reviews the adequacy and integrity of the Group's internal control systems. 3. Succession planning The Board, with recommendation of the NRC, is responsible to provide for orderly succession of the Board and Senior Management and ensures that Senior Management has the necessary skills and experience to carry out their duties. 4. Monitoring and assessment of management performance The Board, via the NRC, approves and reviews the Key Performance Indicator (KPI) setting for the Group Managing Director (MD) and Senior Management which is cascaded down to the employees of the Group. 5. Effective communication with stakeholders The Board subscribes to high standards of transparency and accountability in the disclosure of information to its shareholders as well as to potential investors and the public. The Company uses various channels for effective communication with the shareholders and other stakeholders including releasing timely announcements and disclosures to Bursa Malaysia Securities Berhad, encouraging effective participation at general meetings and update information available at the Company's website at www.cmsb.my. 6. Embedding sustainability and corporate responsibility practices as part of Group strategy The Board is committed in its sustainability and corporate responsibility efforts across the Group to create value for its stakeholders via the Group's Sustainability Roadmap 2021 - 2023. The Board intends to channel this from the top down with greater disclosures on the efforts that are being planned for implementation across the Divisions.
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 1.2

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	The Chairman of the Board, Y Bhg Tan Sri Abdul Rashid Bin Abdul Manaf, leads the Board and plays a key role in instilling good corporate governance practices in the Company. The roles and responsibilities of the Chairman of the Board are specified in item 4.3 of the Board Charter which is available on the Company's website at www.cmsb.my. The Chairman also plays a main role in ensuring effective conduct of the Board through the execution of the following: ▪ Guide and mediate the Board's actions with respect to organisational priorities and good governance ▪ Ensure the Board conducts itself in accordance with the Board Charter ▪ Ensure the Board meetings are conducted effectively with all relevant matters tabled in the agenda and that all Directors receive timely information and are properly briefed ▪ Ensure the general meetings are conducted effectively with all relevant matters tabled in the agenda and that all Shareholders receive timely information and are given the opportunities to ask questions at the meetings ▪ Ensure the Board is updated on material matters relating to the Group by the Senior Management ▪ Act as the major point of contact between the Board and Group MD ▪ Review progress regularly on important initiatives and significant issues facing the Group together with the Senior Management
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	The separation of functions of the Board Chairman and Group MD is specified in item 4.6 of the Board Charter which is available on the Company's website at www.cmsb.my. The separation of function of these roles ensures that there is a clear and proper division of power and authority. The Board Charter provides that the Chairman should be held by a Non-Executive Director.	
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 1.4

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	The Group Company Secretary is a person qualified to act as a company secretary under Section 235 (2) of the Companies Act 2016 and holds the requisite Practising Certificate under Section 241 of the Companies Act 2016 issued by Suruhanjaya Syarikat Malaysia. The Group Company Secretary is an Associate member of MAICSA, with more than 20 years of experience in company secretarial practice. The Group Company Secretary's roles and responsibilities are specified in item 13.3 of the Board Charter which is available on the Company's website at www.cmsb.my. The main roles of the Company Secretary include: ▪ Advising the Board on its roles and responsibilities ▪ Working closely with the Chairman to raise all material compliance and governance issues ▪ Manage Board and Board Committee meeting logistics, attend and record minutes of meetings and facilitate Board communication ▪ Advising the Directors on corporate disclosures and compliance matters such as disclosure of interests, conflict of interest, prohibition of dealing in securities and restriction on disclosure of price-sensitive information ▪ Facilitating the induction of new Directors and assist in Directors' training and development ▪ Managing the process on shareholders' general meetings ▪ Monitor corporate governance developments and assist the Board in application of good corporate governance practices ▪ Serve as focal point for stakeholders' communication and engagement on corporate governance issues The Group Company Secretary has attended continuous professional development programmes as required by Suruhanjaya Syarikat Malaysia.
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 1.5

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	The annual meeting calendar which includes Board and Board Committee meetings, Annual General Meeting (AGM) and Board Strategic Retreat for each financial year are scheduled in advance to facilitate the Directors' time planning. The timeline for distribution of Board notice, agenda items and papers is specified in item 7.2 of the Board Charter which is available on the Company's website at www.cmsb.my. The agendas, reports and meeting papers are distributed in advance at least five (5) business days prior to the meetings to allow the Directors sufficient time to read through so that they can contribute effectively at the meetings. Meeting papers that are deemed urgent may still be submitted to the Group Company Secretary to be tabled to the Board and/or Board Committees at the respective meetings, subject to the approval of the Chairman or Board Committee Chairman respectively. For effective conduct of meetings, meeting agenda is organised by taking into consideration complexity of the proposals/matters to be deliberated. Each agenda item is considered with time allocation. Meeting papers are approved by the Group MD or Head of Department prior to circulation to the Board or Board Committees. Following the COVID-19 pandemic lockdown and movement control orders implemented from 18 March 2020 all Board and Board Committee meetings were conducted via online remote participation and hence, all meeting papers are shared with Directors via electronic means. Where necessary, management and external advisors/consultants are invited to attend meetings to provide insights, professional views and explanation on specific items on the agenda. All key deliberations and decisions at Board and Board Committee meetings are recorded in the respective minutes of meetings. Minutes of meetings are circulated to Board or Board Committee members by the Group Company Secretary within seven (7) days upon the conclusion of meetings. Every Director or Board Committee member has the opportunity to review and make correction to the minutes. Board and Board Committee decisions are communicated to the relevant members of management for follow up and/or action. Status of matters arising from the previous

	meetings are presented at the next meetings for update/discussion until completion. The final minutes of Board and Board Committees meetings are tabled for confirmation at the next meetings. Minutes of Board Committee meetings are presented at Board meetings for notation.	
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	The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as directors of the Company, and the functions of the Board Committees. It sets out amongst other things, the roles and responsibilities of the directors and Board Committee members. The Board Charter is available on the Company's website at www.cmsb.my. The Board conducts regular review of the Board Charter to keep it up to date and consistent with the Board's objectives taking into consideration the needs of the CMS Group as well as any development in rules and regulations that may impact on the Board's duties and responsibilities.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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	**Code of Ethics** In discharging its responsibilities, the Board observes the principles of ethical conduct as contained in the CMS Code of Ethics for Directors. The Directors' Code of Ethics details the ethical standards of behaviour and conduct expected from all Directors of the Group. All Directors have given their commitment to comply with the Directors' Code of Ethics through a signed declaration. The Directors' Code of Ethics are made available to the Directors and are also published on the Company's website at www.cmsb.my. **Code of Conduct** The Company has an established Code of Conduct which is also published on the Company's website at www.cmsb.my. **Disclosure of Interests** The Directors additionally have a duty to make an immediate declaration to the Board if they have interests in direct or indirect transactions within the Group. The interested Directors would serve notice to the Board and thereupon abstain from deliberation and decisions of the Board on the transactions in question. Where Directors are interested in a corporate proposal undertaken by the Company requiring the approval of the shareholders, the interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, on the resolutions pertaining to the corporate proposal. They will further undertake to ensure that persons connected to them also abstain from voting on the resolutions. Further, employees are required to disclose in writing any conflict of interests between their duties and personal interests. As guided by the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Board, with assistance of an external consultant, has put in place the system with relevant policies and procedures to manage bribery and corruption risks of the Group ("Anti-Corruption System"). In alignment with

	the Anti-Corruption System implementation plan, the Board has approved the Anti-Bribery and Anti-Corruption Policy, Third-Party Corruption Risk Due Diligence Policy, Gift & Hospitality Policy and the Corporate Philanthropy & Community Investment Policy. During the Financial Year 2020, relevant briefing sessions were also conducted by an external consultant and Group Legal Services Department for all Directors and employees to enhance their awareness of the statutory requirements of anti-bribery and anti-corruption and the Anti-Corruption System.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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

Application :	Applied
Explanation : on application of the practice	The Board has established a Whistle-Blowing Policy which is periodically reviewed and published on the Company's website at www.cmsb.my. The Whistle-Blowing Policy provides a channel where employees or any external party may, in confidence and in good faith, report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines as well as to raise concerns related to possible improprieties. Allegations of improprieties which are reported via whistleblowing channels such as a dedicated hotline and email account are appropriately followed up and the outcome(s) will be reported to the Board. The Board is responsible for overseeing the implementation of the Whistle-Blowing Policy. Contact details on the Company website were also published to enable full access to external parties to lodge potential cases in full confidence and discretion. In 2020, CMSB received one (1) complaint on an alleged conflict of interest under the whistleblowing system, which was promptly investigated by the Board. The investigation was completed in April 2021 and appropriate steps were taken including lodging report with the Securities Commission, Bursa Malaysia Securities Berhad and Suruhanjaya Syarikat Malaysia.
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 4.1

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

<table>
<tr><td>Application :</td><td colspan="3">Applied</td></tr>
<tr><td>Explanation : on application of the practice</td><td colspan="3">As at 31 December 2020 the Board had ten (10) members, comprising one (1) executive and nine (9) non-executive directors of which six (6) are independent.

Subsequent to the year end, on 25 February 2021 the Senior Independent Non-Executive Director, Y Bhg Datuk Seri Dr. Yam Kong Choy, was redesignated from Independent Non-Executive Director to a Non-Independent Non-Executive Director by virtue of his familial ties with the Group Chief Operating Officer (COO). Following this redesignation, the status of the Board composition is as follows:

<table>
<tr><th>Designation</th><th>No of directors</th><th>Percentage (%)</th></tr>
<tr><td>Executive Director</td><td>1</td><td>10</td></tr>
<tr><td>Non-Independent Non-Executive Directors</td><td>4</td><td>40</td></tr>
<tr><td>Independent Directors</td><td>5</td><td>50</td></tr>
<tr><td>Total</td><td>10</td><td>100</td></tr>
</table>
</td></tr>
<tr><td>Explanation for departure :</td><td colspan="3"></td></tr>
<tr><td colspan="4">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="3"></td></tr>
<tr><td>Timeframe :</td><td></td><td colspan="2"></td></tr>
</table>

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 :	Applied	
Explanation : on application of the practice	None of the independent directors have served for a cumulative term limit of nine (9) years.	
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 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application :	Applied	
Explanation : on application of the practice	The Company has a policy which limits the tenure of Independent Directors to cumulative terms of no more than nine (9) years. This policy is detailed in the Board Charter which is available on the Company's website at www.cmsb.my.	
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 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	The Board has put in place the necessary selection criteria for the appointment of Directors. The NRC oversees the selection and assessment of Directors to ensure the Board's composition remains relevant and effective. Each year, at the annual Board Effectiveness Evaluation (BEE) exercise, and where necessary, the NRC reviews the composition and structure of the Board and Board Committees taking into consideration its size, core competencies and skills to ensure appropriate balance and the Board and Board Committees' composition has the requisite competencies to effectively discharge their functions and responsibilities. The Board aims to ensure a diverse Board and therefore the NRC takes into account diversity in terms of gender, race/ethnicity and age aside from the candidates' skills, knowledge, experience, background and expertise in its assessment and evaluation. The NRC also reviews the Board skills matrix/competency map to identify the necessary skill sets that are required for an effective Board. All potential nominees and/or candidates for appointment on the Board are first considered by the NRC taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director. The NRC will then endorse the nominees and candidates for approval by the Board. On senior management appointment, candidates are first considered by the NRC who considers their skills set, competencies, experience, integrity and other qualities prior to recommendation for approval by the Board.
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 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 Company has not adopted a formal gender diversity policy. The Board acknowledges the importance of boardroom diversity, including gender, age and ethnicity diversity, to the effective functioning of the Board and the recommended practice pertaining to the establishment of a gender diversity policy. Despite no specific targets being set in relation to boardroom diversity, the Board is committed to improving boardroom diversity in terms of race, religion, gender, regional and industry experience, cultural and geographical background, ethnicity and age perspective. In seeking potential candidates for new appointments, the Board shall take into account these various diversity factors to ensure the Board remains balanced. In this regard the NRC is responsible for reviewing and assessing the composition and performance of the Board. The NRC will also identify appropriate qualified persons to occupy Board positions. The NRC, in reviewing the Board composition, will consider the benefits of diversity in order to maintain the mix of skills, knowledge and experience of the Board underpinned by meritocracy which is the overriding focus and primary aim when selecting new candidates for Board memberships as well as evaluating the performance of the Board and each individual member. Currently the Board comprises one (1) woman Director. The NRC/Board will continue to refresh its Board of Directors in a systematic manner to ensure there is continuity and balance in the composition.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	The Board, through NRC, will continue to identify suitable candidates for appointment of women directors on the Board. The Board will consider the appointment of additional female Director(s) as and when there are right candidates available.

Timeframe :	Others	

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 :	Departure	
Explanation : on application of the practice		
Explanation : for departure	The NRC assists the Board in assessing and recommending the preferred mix of skills, knowledge, experience, calibre, qualities and other attributes for candidacy on the Board. In 2020 there were three (3) Board appointments namely, Y Bhg Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz Bin Dato Haji Husain, Dr. Khor Jaw Huei and Mr Ho Heng Chuan. The Board, upon recommendation by the Chairman and Group MD, had approved the appointment of Y Bhg Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz Bin Dato Haji Husain who is also the chairman of Sarawak Economic Development Corporation as a Non-Independent Non-Executive Director. The Board, through the NRC, identified Dr. Khor Jaw Huei and Mr Ho Heng Chuan, as suitable candidates with the attributes and technical background for Board candidacy. The appointment of Y Bhg Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz Bin Dato Haji Husain, Dr. Khor Jaw Huei and Mr Ho Heng Chuan was approved by the Board upon recommendation by NRC.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :	The Board endeavours to also utilise independent sources in identifying suitably qualified candidates for appointment of Directors.	
Timeframe :	Others	

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 Y Bhg Tan Sri Abdul Rashid Bin Abdul Manaf who is an Independent Director. Subsequent to the year end, on 25 February 2021 the Board approved the recomposition of the NRC whereby Mr Ho Heng Chuan, an Independent Non-Executive Director, was appointed as its Chairman in place of Y Bhg Tan Sri Abdul Rashid Bin Abdul Manaf who stepped down as Chairman of NRC but remained as a member of NRC. Following the redesignation of Y Bhg Datuk Seri Dr. Yam Kong Choy as a Non-Independent Non-Executive Director of the Company on 25 February 2021, he stepped down as a member of NRC.	
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

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	The evaluation of the Board and Board Committees is specified in item 8 of the Board Charter which is available on the Company's website at www.cmsb.my. The NRC carries out the BEE exercise annually. An external consultant is engaged once every three (3) years to assist the NRC to facilitate an objective and candid board evaluation. The Board engaged KPMG Management & Risk Consulting Sdn Bhd, an external consultant, to carry out the BEE 2020. The scope of the BEE 2020 included facilitating the conduct of assessment and analyses thereof on CMSB's Board, Board Committees and individual Directors. The primary mode was via questionnaires/assessment forms to gather insights followed by interview sessions with the Directors as well as Top Management personnel of CMSB who have a close nexus to the workings of the Board. The criteria/areas for assessment are set out in the NRC Report of the Integrated Annual Report 2020. The BEE 2020 results and all related comments by Directors were summarised and discussed at the Special Board meeting held on 17 February 2021. Based on the findings, the Board and Board Committees had been effective in their overall discharge of functions and duties. The Board recognises the need to continuously strengthen the following key areas identified for improvement: ▪ Efficacy of nominating functionalities ▪ Digital Transformation oversight ▪ Boardroom administration ▪ Information flow to Board Committees and Board ▪ Realignment of Non-Executive remuneration The Board also reviewed the following: ▪ Directors' attendance at Board and Board Committee meetings in 2020 which is above the minimum requirements. Save for the three (3) new Directors appointed in 2020, all the Directors attended the 45th AGM in 2020 and currently serve no more than five (5) public listed companies in Malaysia.

	▪ The Board composition and structure. The Board was satisfied with regards to its composition which is at the optimum with adequate technical capabilities as a whole. The results of the BEE 2020 assessments form the basis of the NRC's recommendations to the Board for the re-election of Directors at the forthcoming AGM in 2021.	
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 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	The Board, through the NRC, is responsible to review and recommend the remuneration framework to attract and retain talent in the Board and Senior Management to drive the Company's long-term objectives. The Directors' Remuneration Policy was last reviewed in 2014. In November 2020, the Board engaged KPMG Management & Risk Consulting Sdn Bhd, an external consultant, to carry out an independent review of the Board remuneration (BRR) policy for Non-Executive Directors. The BRR report was presented to NRC in March 2021 and the recommendations thereon form the basis of the NRC/Board's recommendations for the Directors' remuneration at the forthcoming AGM in 2021. The NRC is also entrusted with the role of determining and recommending suitable policies in respect of salary packages for the Group MD and Senior Management. The current salary packages comprise a combination of basic salary and a variable performance incentive based on level of responsibilities and overall contributions to the Company's long-term objectives.
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 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	The Board established a combined NRC since 2007 which comprises exclusively Non-Executive Directors. The NRC's roles and responsibilities are governed by its TOR which is reviewed annually and published in the Company's corporate website at www.cmsb.my. The NRC currently comprises three (3) members, all of whom are Non-Executive Directors and a majority of whom are independent.	
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

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 Company has disclosed in detail the remuneration paid to its Directors for the Financial Year 2020 in the Audited Financial Statements of the Company for the financial year 2020 which is available on the Company's website at www.cmsb.my.	
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

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 RM 50,000.

<table>
<tr><td>Application :</td><td colspan="2">Departure</td></tr>
<tr><td>Explanation : on application of the practice</td><td colspan="2"></td></tr>
<tr><td>Explanation : for departure</td><td colspan="2">The Board agreed to continue with the disclosure practice whereby the remuneration of top five (5) Senior Management for the year 2020 shall be made in successive bands of RM 50,000 (including the components of salary, bonus, benefits in-kind and other emoluments). The analysis is as follows:
<table>
<tr><th>Total Remuneration in Bands of RM 50,000</th><th>Number of Key Senior Management</th></tr>
<tr><td>RM 1,550,001 to RM 1,600,000</td><td>2</td></tr>
<tr><td>RM 1,400,001 to RM 1,450,000</td><td>1</td></tr>
<tr><td>RM 850,001 to RM 900,000</td><td>1</td></tr>
<tr><td>RM 800,001 to RM 850,000</td><td>1</td></tr>
</table></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2">The Board will continue to review the implications of such disclosure of senior management's remuneration and consider such disclosures in future.</td></tr>
<tr><td>Timeframe :</td><td>Others</td><td>The Company intends to maintain the current practice to preserve confidentiality of such information.</td></tr>
</table>

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 application of the practice		
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 8.1

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

Application :	Applied	
Explanation : on application of the practice	The Independent Non-Executive Director, Mr Chin Mui Khiong, served as Chairman of the GAC until 1 November 2020 when he stepped down. On 1 November 2020 the Board approved the appointment of Mr Ho Heng Chuan, an Independent Non-Executive Director, as Chairman of the GAC. Both Mr Chin and Mr Ho are not the Chairman of the Board.	
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 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	The requirement that a former key audit partner is subject to observe a cooling-off period of at least two (2) years before he or she could be appointed as a member of the GAC is included in the GAC TOR. The GAC TOR is available on the Company's website at www.cmsb.my.	
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 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	The GAC TOR requires the GAC to conduct an annual assessment of the external auditor's performance, independence and objectivity before recommending to the Board for appointment/re-appointment. This includes assessing their quality processes, audit team competency, audit scope and planning, fees including limit of non-audit fee size, and quality of communications including holding meetings with the external auditors without the presence of management. For the financial year ended 31 December 2020 the GAC assessed the objectivity, independence and service quality of the external auditors, Ernst & Young PLT, in April 2021 and was satisfied that Ernst & Young PLT were sufficiently resourced and had demonstrated their objectivity, independence and proficiency in carrying out the audit according to the audit scope and plan. The assessment was carried out by the GAC members individually and collectively and was facilitated by the Group Internal Auditor with relevant input from the Group Finance Department and the external auditors, where necessary. The assessment was carried out according to a structured questionnaire based on the Corporate Governance Guide – 3rd Edition 2017 (Bursa Malaysia) that covered areas such as calibre of the audit firm, quality processes, audit team competency, independence and objectivity, audit planning and scoping, audit fees, and communication.	
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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted	
Explanation : on application of the practice		
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 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	All members of the GAC, who are financially literate, possess an appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the GAC's TOR. Mr Chin Mui Khiong is a fellow of The Association of Chartered Certified Accountant and a member of The Malaysian Institute of Accountants and Mr Ho Heng Chuan is a member of The Malaysian Institute of Certified Public Accountants. The profile of the GAC members is disclosed in the Directors' Profile of the Integrated Annual Report 2020. The GAC is mindful of the need to continuously enhance their skills and knowledge in order to carry out their roles and duties effectively. The training programmes attended by the GAC for the financial year 2020 are set out in the Governance and Risk Management section of the Integrated Annual Report 2020. The Board, through the NRC, also reviews the terms of office of the GAC members and assesses their performance through the annual BEE. For 2020 an external evaluation of the GAC was carried out by KPMG Management & Risk Consulting Sdn Bhd together with the BEE for 2020.
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

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	The Board recognises its responsibilities and the importance of sound risk management practices and internal control, and reviewing the adequacy and integrity of those systems. In discharging its stewardship responsibilities, the Board has established a sound risk management and internal control framework - Enterprise-Wide Risk Management Framework (ERM Framework) based on the MS ISO 31000:2010 Risk Management – Principles and Guidelines on Implementation, which is also consistent with the guidance provided to Directors as set out in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers". The ERM Framework, which is embedded into the culture, processes and structure of the Group, and which is subject to review by the Board from time to time, provides an ongoing process for identifying, evaluating and managing major risks faced by the Group that may affect the achievement of its business objectives and strategies. However, the Board also recognises that the systems and the ERM Framework is a continuing process, designed to manage and reduce, rather than eliminate, the risks identified to acceptable levels. Therefore, the system of risk management and internal control implemented can only provide reasonable and not absolute assurance against the occurrence of any material misstatement or loss. During the financial year, the Group Risk Unit (GRU) carried out a self-assessment survey on the effectiveness of the Risk Management Framework and GRU. The survey was distributed to the Heads of Departments and Divisions. The survey results indicated that all respondents are generally satisfied with the effectiveness of the Risk Management Framework and the GRU.
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

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 Board via the GRC oversees the risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risks across the Group. The GRC also assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group as well as to oversee the compliance and business continuity functions of the Group. Descriptions of the key elements of the Group's risk management and internal control system and the adequacy and effectiveness of the framework can be found in the Statement on Risk Management and Internal Control in the Integrated Annual Report 2020.	
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

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 :	Applied	
Explanation : on application of the practice	The GRC was established by the Board in 2009 and is guided by the GRC's TOR which is reviewed annually. As at the end of December 2020, the GRC comprised five (5) members, namely four (4) Independent Non-Executive Directors and one (1) Executive Director. The Senior Independent Non-Executive Director, Y Bhg Datuk Seri Dr. Yam Kong Choy, was Chairman of the GRC during 2020. Subsequent to the year end, on 25 February 2021 the Board approved the recomposition of the GRC whereby Y Bhg Datuk Ir. Kamarudin bin Zakaria, an Independent Non-Executive Director, was appointed as its Chairman in place of Y Bhg Datuk Seri Dr. Yam Kong Choy who stepped down as Chairman and a member of GRC when he was re-designated as a Non-Independent Non-Executive Director of the Company. The GRC TOR is available on the Company's website at www.cmsb.my.	
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

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	The internal audit function (IAF) reports functionally to the GAC and administratively to the Group MD. The IAF has full access to the GAC to discuss its functional matters and meets with the GAC on a quarterly basis or at any other time as necessary. The Group Internal Auditor also meets with the GAC at least twice a year without the presence of management. During the year 2020 the Group Internal Auditor also had one private session with the Board of Directors of the Company without the presence of management. This ensures the IAF is able to function independently and objectively without the undue influence of management. The IAF carries out its function in accordance with a recognised framework as established by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (ISPPIA). This has been affirmed by an external Quality Assurance Review carried out by the Institute of Internal Auditors Malaysia in August 2016 as part of an external Quality Assessment and Improvement Program (QAIP). In addition, the IAF carries out its own internal QAIP which is aimed at improving its internal audit quality processes and is reported to the GAC annually. The conduct of the IAF is governed by its Group Internal Audit Charter which is established consistent with the requirements of the ISPPIA and is approved by the GAC. The Charter is reviewed periodically to ensure it remains up-to-date with relevant legislation and standards. Staff members of the IAF are also required to annually confirm their adherence to the IIA's Code of Ethics and Confirmation of Independence which is tabled to the GAC. The performance evaluation of the Group Internal Auditor and staff members are tabled to the GAC annually where the GAC assesses the adequacy of resources and competency of the audit staff and ensures adequate training is provided to maintain an effective IAF. In addition, the GAC also has the power to decide on the appointment or removal of the Group Internal Auditor and approves his overall remuneration package. The annual audit plan is prepared by the IAF and is based on a risk analysis of all operations of the Group and includes resource planning for the IAF, and training budget and topics. The annual audit plan is subsequently tabled to and approved by the GAC. Any deviation from or amendment to the audit plan will be referred back to the GAC and progress monitoring is tabled at the quarterly GAC meetings.

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

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	All staff of the Internal Audit Function (IAF) comply to the IIA's Code of Ethics and are required to sign an annual confirmation to that effect. The Code of Ethics require all internal auditors to exercise and display qualities of integrity, independence, objectivity, confidentiality and competency in carrying out their duties. In addition, the IAF also confirms annually its organisational independence to the GAC and this is supported by individual members of the IAF signing their confirmation of organisational independence. The IAF is currently staffed by a total of eight (8) internal auditors including the Head of the IAF. Out of the eight (8), three (3) are Certified Internal Auditors (CIA), two (2) are in the process of obtaining their CIA qualification while the rest are strongly encouraged to do likewise. The Head of the IAF is Mr Francis Lou Chee Ngee and is a Certified Internal Auditor as conferred by the Institute of Internal Auditors (the IIA). He holds a B. Management Studies (Finance) from the University of Waikato, New Zealand and has overall twenty-nine (29) years working experience in various fields i.e. auditing, finance and accounting, treasury, collective investment schemes, and internal auditing. He also holds a Certification in Risk Management Assurance (CRMA) from the IIA. The IAF carries out its function in accordance with a recognised framework as established by the IIA's International Standards for the Professional Practice of Internal Auditing (ISPPIA). This has been affirmed by an external Quality Assurance Review carried out by the Institute of Internal Auditors Malaysia in August 2016 as part of an external Quality Assessment and Improvement Program (QAIP).
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 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	The Board has in place an investor relations (IR) strategy to ensure an effective communication channel between the Company, its shareholders and the general public. The IR unit is headed by Group MD and facilitates communication between the Company and the Investment Community. Senior Management of the Company actively engages with the Investment Community and the Board is briefed on these interactions and feedback from the Investment Community. The IR unit has an extensive programme that involves the holding of regular meetings, conference calls and site visits, all intended to keep the Investment Community abreast of the Company's strategic development and financial performance. In addition, investment road shows and conferences are held to engage with shareholders and potential investors both locally and overseas. Twice a year, the IR unit provides reports to the Board on IR activities, comments by analysts or from the Investment Community, as well as commentary on share price information. The Board also receives a half year report on the shareholding structure, including any change to the holdings of substantial shareholders, of the Company. The timely release of financial results on a quarterly basis provides the Investment Community with an up-to-date view of the Group's performance and operations. The release of the quarterly financial results to Bursa Securities is accompanied by a press release and shortly afterwards Senior Management hosts face to face or virtual briefings with and take calls from the Investment Community to address any questions or concerns they may have following the release of the quarterly financial results. Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and need not wait for the AGM for such an opportunity. The contact information is available on the Company's website at www.cmsb.my.
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 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 :	Applied	
Explanation : on application of the practice	With dedicated support from the Board, our third Integrated Annual Report presents a comprehensive account of how our business and strategies continue to create value over time. This year, the Group has sought to strengthen the Integrated Annual Report by bringing several new strategic elements into consideration. These include an enhanced Materiality Matrix and Stakeholder Engagement sections which details the Group's continuing efforts in sustaining value creation. We continue to apply and adopt global best practices with the International Integrated Reporting Council (IIRC) frameworks as a foundation and guide to deliver a clearer strategic vision of the Group. Additionally, the Integrated Annual Report this year, provides greater readability, clarity and coherence. It focuses on materiality and connectivity to ensure relevance of communication and information to all stakeholders.	
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 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 Company has already applied this practice. The Notice of the 45th AGM of the Company, held via remote participation and voting facilities on 18 June 2020, was issued on 19 May 2020. The Notice of the forthcoming 46th AGM of the Company which will be held on 31 May 2021 will be issued to the Shareholders more than 28 days prior to the AGM.	
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 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	During 2020 the Company convened two general meetings through live streaming using the Remote Participation and Voting ("RPV") facilities. The Company's 45th AGM held on 18 June 2020 was the Company's first fully virtual AGM followed by a fully virtual Extraordinary General Meeting ("EGM") which was held on 12 November 2020. <u>45th AGM</u> All Directors attended the 45th AGM. Four (4) Directors were present in person at the Broadcast Venue whilst three (3) Directors participated vide video conferencing and online platform. Amongst them, three (3) Directors were the Chairmen of the GAC, NRC and GRC respectively. The proceedings of the 45th AGM included the Group MD's presentation of the Company's operating and financial performance for 2019 and a Questions & Answers session during which the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote. The Directors, Group MD, Group Chief Financial Officer, Management and external auditors were in attendance to respond to the shareholders' queries. At the meeting the Group MD also read out the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watch Group (MSWG). The minutes of the 45th AGM, Group MD's presentation and responses to questions by MSWG are available on the Company's website at www.cmsb.my. <u>EGM</u> All Directors attended the EGM. Five (5) Directors were present in person at the Broadcast Venue whilst five (5) Directors participated vide video conferencing and online platform. Senior Management and Principal Adviser were in attendance. The Company had answered the question posted at the virtual EGM. The minutes of the EGM are available on the Company's website at www.cmsb.my.

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 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	During 2020 the Company convened two general meetings through live streaming using the RPV facilities. The Company's 45th AGM held on 18 June 2020 was the Company's first fully virtual AGM followed by a fully virtual EGM which was held on 12 November 2020. The Directors and Senior Management were in attendance to answer questions posed by the Shareholders at the 45th AGM and EGM respectively. The external auditors were in attendance at the Broadcast Venue of the 45th AGM. The entire AGM and EGM proceedings were held through Boardroom Smart Investor Portal. The Administrative Details of the AGM and EGM as well as the Boardroom Smart Investor Portal user guide were shared with the Shareholders and also published in 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 :		

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO 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.