

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5301  
**COMPANY NAME** : CTOS Digital Berhad  
**FINANCIAL YEAR** : December 31, 2022

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("<b>Board</b>") of CTOS Digital Berhad ("<b>the Company</b>") and its subsidiaries ("<b>the Group</b>") are responsible for the leadership, management and oversight function of the Group's businesses and affairs. The Board is also responsible for the Group's financial and organisational health as well as in upholding corporate governance practices of accountability and transparency in enhancing shareholders' value and protecting the interests of stakeholders.</p> <p>In order to ensure the effective discharge of its functions and responsibilities amidst an increasingly challenging operating environment as a new public listed company, the Board has taken the initiative to establish and enhance its corporate governance framework and structure.</p> <p>Through the establishment of corporate governance framework, the Board seeks to ensure that the Company complies with the governing laws and best practices relevant to its business and operation particularly the Companies Act 2016 ("<b>CA 2016</b>"), the Capital Markets and Services Act 2007 ("<b>CMSA</b>"), the Main Market Listing Requirements ("<b>MMLR</b>") of Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") and the Malaysian Code on Corporate Governance 2021 ("<b>MCCG 2021</b>").</p> <p>Under this framework, the Company had issued corporate governance documents, inter alia, the Board Charter, Terms of References ("<b>TOR</b>"), Code of Business Conduct and Ethics, Anti Bribery and Corruption Policy, Whistleblowing Policy and others. These corporate governance documents will be reviewed by the Board periodically to ensure effectiveness and relevance to the Board's objective and responsibilities and all of which are accessible through the Company's website at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a>.</p>

	<p>Within the limits set by the Constitution of the Company ("<b>Constitution</b>"), the Board is guided by the Company's Board Charter which defines the specific duties and responsibilities of the Board. The Board Charter can be found at the Company's website at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a>.</p> <p>In carrying out its duties and responsibilities, the Board has delegated some of its responsibilities to the Board Committees, namely Audit and Risk Committee ("<b>ARC</b>"), Nomination and Remuneration Committee ("<b>NRC</b>") and Board Investment Committee ("<b>BIC</b>"). All the Board Committees are actively engaged and act as oversight committees. They contemplate and recommend matters under their purview for the Board to consider, to approve and make final decision.</p> <p>While the responsibility for monitoring the effectiveness of the Group's risk management and internal control systems has been delegated to the ARC, the Board retains ultimate responsibility for determining the Group's "risk tolerance" and annually considers a report in relation to the monitoring, controlling and reporting of identified risks and uncertainties. In addition, the Board receives regular reports from the Chairman of the ARC in relation to the work of that committee in the area of internal control.</p> <p>As the business and affairs of the Company are managed under the direction and oversight of the Board, the Board has the responsibility to periodically review and approve the overall strategies, business plans, budget allocations, organisation and significant policies of the Company.</p> <p>The Company's Business Plan and Strategy which is developed annually in consultation with Senior Management, outlines the strategies, business plans and budget that would be implemented to achieve the Company's strategic aims for the year. Upon the approval of the Board, the Group Chief Executive Officer ("<b>GCEO</b>") and Management will take the responsibilities in ensuring the implementation of the Company's Business Plan and Strategy and its timely progress.</p> <p>The Limits of Authority ("<b>LOA</b>") was established to specify the authority limits for the Board, the Board Committees, the Management Committee, the Chief Executive Officer and the Senior Management to facilitate compliance with good corporate governance principles. As the Board retains the overall management and control of the Company's business and affairs, this LOA may be revised to reflect the changes accordingly.</p> <p>Pursuant to Bursa Securities' corporate governance disclosure requirements per Paragraph 15.25 and Practice Note 9 of the MMLR, the Board is pleased to set out a summary of the Company's corporate governance practices during the financial year ended 31 December 2022 in the Corporate Governance Overview Statement ("<b>CG Overview Statement</b>") of the Annual Report 2022, which is also available on the Company website at <a href="https://ctosdigital.com">https://ctosdigital.com</a>.</p>
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<b>Explanation for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>		
<b>Timeframe</b>		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by Tan Sri Izzuddin Bin Dali, the Independent Non-Executive Chairman of the Company who was appointed on 15 August 2014.</p> <p>As the Chairman of CTOS Digital, Tan Sri Izzuddin Bin Dali presides the Board meetings and he is responsible for the following:-</p> <ol style="list-style-type: none"><li>1. Providing leadership to the Board and ensuring that the Board Members are able to perform their roles and responsibilities effectively. This includes taking a leading role in establishing effective corporate governance system and practices in CTOS Digital;</li><li>2. Setting the Board agenda for each Board meeting, with the assistance of the Company Secretary and the GCEO;</li><li>3. Ensuring the provision of accurate, complete and timely information to the members of the Board to facilitate decision-making;</li><li>4. Promoting constructive and respectful relations between Board Members and managing the interface between the Board and Management;</li><li>5. Lead the Board meetings and discussions by encouraging active participation and allowing dissenting views to be freely expressed;</li><li>6. Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;</li><li>7. Ensuring that prior to any new appointments to the Board, an assessment is undertaken on the candidate to ensure they have the necessary skills, expertise and diversity to carry out their fiduciary duties; and</li><li>8. Ensuring that succession planning of the Board and Senior Management (C-Level Team) is considered on an ongoing basis.</li></ol>
<b>Explanation for departure</b>	:	

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<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of the Chairman and GCEO are separated with a clear division of responsibilities. The positions of Chairman and GCEO are held by two different individuals. The Chairman of the Company is Tan Sri Izzuddin Bin Dali, an Independent Non-Executive Chairman whilst the GCEO of the Company is Erick Hamburger Barraza who was also appointed as a Non-Independent Executive Director of the Company on 30 September 2022, replacing Mr Dennis Colin Martin who retired as GCEO on 30 April 2022 and subsequently resigned as Director with effect from 30 September 2022.</p> <p>Whilst the Chairman is primarily responsible for the stewardship and smooth functioning of the Board by focusing on strategy, governance and compliance; the GCEO undertakes the responsibility of overseeing the day-to-day operations to ensure the smooth and effective running of the Company's business and operation and the execution of the business plan in line with the Board's direction and drives the business and performance towards achieving the Company's vision and goals.</p> <p>The separation of roles and responsibilities of Chairman and GCEO would ensure that there is a balance of power and authority.</p> <p>The distinction of roles and responsibilities of the Chairman and GCEO is well defined, documented and approved by the Board through the general provisions of the Board Charter which is available on the Company's website at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a>.</p>
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company adopts the policy of having different individuals for the role of Chairman of the Board and the Chairman of its Board Committees. This segregation is also embedded within the Board Charter and the respective TOR of the Board Committees.</p> <p>The Chairman of the Company, Tan Sri Izzuddin Bin Dali, is not the Chairman nor member of any of the Board Committees. He also does not attend nor participate in any meetings of the ARC, NRC or BIC, by way of invitation or otherwise.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
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### Intended Outcome

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

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Ms. Joanne Toh Joo Ann and Ms Saw Hui Ying both are Company Secretaries of the Company.</p> <p>During the year there were changes in the Company Secretaries of the Company wherein Ms Sia Ee Chin resigned, and Ms Saw Hui Ying was appointed thereafter.</p> <p>The Company Secretaries advise the Board on secretarial matters which includes the Company's Constitution, Board policies and procedures, as well as compliance with any applicable rules, regulations and best practices. The Company Secretaries also work closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees.</p> <p>The Company Secretaries also undertook the following roles and responsibilities to assist and support the Board throughout the year, inter alia:-</p> <ol style="list-style-type: none"><li>1. Assisted the Company in the preparation and lodgement of forms under the CA 2016 with the CCM;</li><li>2. Maintenance of the statutory registers, minutes books and records of the Company as required by the CA 2016;</li><li>3. Prepared and circulated the notices of Board, Board Committees and General Meetings and circulate the notices to the relevant parties;</li><li>4. Attended the Board, the Board Committees and General Meetings of the Company, drafting and maintenance of the minutes thereof;</li><li>5. Followed up with the Management on matters arising from the Board and Board Committees meetings, as well as updating the Board and Board Committees on the follow-up of their decisions and recommendations;</li><li>6. Facilitated the chairman of the NRC in the annual evaluation and assessment for Directors, Board and Board Committees;</li><li>7. Assisted the Board and the Company in drafting resolutions;</li><li>8. Provided advisory and consultancy services including but not limited to, any corporate advisory and any special assignments;</li><li>9. Assisted the Company, its Directors and/or Substantial Shareholders in their Disclosure Compliance;</li></ol>

	<p>10. Assisted the Company on the disclosures in compliance with the CA 2016, the MMLR of Bursa Securities and CMSA;</p> <p>11. Advised the Directors of their obligations to disclose their interests in securities, any conflicts of interest and related party transactions;</p> <p>12. Advised the Directors and Senior Management on the prohibition on dealing in securities during closed period and restrictions on disclosure of price sensitive information; and</p> <p>13. Prepared or reviewed the Company's announcements on matters requiring disclosure to Bursa Securities to ensure compliance with the MMLR.</p> <p>All Directors have full access to the advice and services of the Company Secretaries, to enhance the effective functioning of the Board and to ensure regulatory compliance.</p> <p>The Company Secretaries constantly keep abreast of changes in the several aspects including changes of regulations and requirements, corporate governance and Board's operations through continuous professional development. During the year under review, the Companies Secretaries had attended pertinent internal and external trainings on changes in regulatory requirements, inter alia, the trainings in relation to updates on the MCCG 2021, amendments to the MMLR, sustainability governance, enhanced sustainability reporting, direct and indirect taxation and finance modules for non-financial professionals.</p> <p>The appointment of Company Secretaries is the matter reserved by the Board. Hence, the Board would ensure that only qualified and competent individual is appointed as Company Secretary. The Board was satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.</p>	
<b>Explanation for departure</b> :		
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<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and the Board Committees have set clear expectations with regard to their conduct of meetings through Board Charter and respective TOR established therein.</p> <p>Regular Board and Board Committees meetings are held to meet respective requirements and if necessary, the Board may further call for additional meeting, as and when required to enable the Board and Board Committees to deliberate and decide on any urgent proposals/matters. With the Company Secretaries' assistance, the Board and the Board Committees ensure that the conduct of meetings and relevant matters are administered in accordance with the TOR.</p> <p>Notices of meetings setting out the meeting date, time and place and the proposed agenda papers are issued at least 7 days in advance, or over a shorter period, if the need arises. Extra care is taken to ensure sufficient time is given to the Directors to review, seek additional information and/or clarification on the matters to be deliberated at Board and the Board Committees' meetings.</p> <p>The Chairman of the Board and the respective Board Committees Chairpersons are responsible of ensuring that its members receive relevant, accurate, and clear information on a timely basis in order for the Board and the Board Committees to make sound decisions and provide necessary advice. The Company Secretaries provide assistance in ensuring that the process of disseminating such information is effective and reliable.</p> <p>Upon conclusion of the meeting, the Company Secretaries ensured that the minutes are prepared and circulated to the Directors and Senior Management for review within reasonable time. The deliberations at each Board and Board Committee meetings are well documented and subsequently communicated to relevant Management personnel for necessary actions. The Board and the Board Committees are updated with a follow-up report and relevant recommendations presented by the Management.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter has been incorporated into the Group's governance system and documented some policies that the Board has decided upon to meet, among others, its responsibilities, governance and leadership as a description tool of how the Board operates.</p> <p>The Board Charter provides the requirement for Directors to maintain the highest degree of integrity and professionalism while at the same time promoting transparency and accountability in their actions. The roles and responsibilities of the Board, Independent Director, Chairman and GCEO are clearly outlined in the Board Charter.</p> <p>Under the Board Charter, the corporate governance structure was further enhanced by the Board through the establishment of the Board Committees to which the Board has delegated its authority in providing support and carrying out necessary oversight functions as outlined in respective TOR.</p> <p>Each of the Board Committees has its own TOR outlining each function, roles and responsibilities, authority, membership, composition, meeting process and others as summarised below:-</p> <p>(a) <u>ARC</u></p> <p>The ARC assists and supports the Board by reviewing the Company's processes for producing financial data, its internal controls and policies and procedures to assess the suitability, objectivity and independence of the Company's External Auditors and internal audit function. The ARC is also responsible for assisting the Board in overseeing the risk management frameworks and policies within the Company.</p> <p>(b) <u>NRC</u></p> <p>The NRC oversees matters related to the nomination/appointment of new Directors, annually reviews the required mix of skills,</p>

	<p>experience and other requisite qualities of Directors as well as undertakes the annual assessment of the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director. The NRC is also primarily responsible for providing recommendations to the Board on the Directors' fee/remuneration, particularly for the Non-Executive Directors, remuneration policy and package for the Executive Directors and reviewing the remuneration framework of the Company.</p> <p>(c) <u>BIC</u></p> <p>The BIC reviews the Company's strategic direction and plan pertaining to all matters/activities related to acquisitions and divestments of any business/ investment, and overseas equity ventures, equity and/or capital requirements for the acquisition/ investment including fund-raising requirements, due diligence expenses for acquisition/ investment above RM500,000, and the Company's investment policies, strategies, objectives and activities.</p> <p>The Chairman of each Board Committees reports and updates the Board on any significant issues and concerns discussed during the meetings and where appropriate, make necessary recommendations to the Board.</p> <p>The Board Charter also sets out a formal schedule of matters reserved to the Board for consideration and decision as well as of those which the Board may delegate to the Board Committees.</p> <p>The Board will review the Board Charter and the TOR of its Board Committees periodically and will update based on the MCCG 2021, MMLR and the CA 2016 to ensure relevance and effectiveness.</p> <p>A copy of the updated Board Charter and the TOR of the Board Committee are published on the Company's website at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the key responsibilities of the Board is to set corporate values and promote good corporate governance culture within the Company, which reinforces ethical, prudent and professional behaviour to ensure its obligations to shareholders and stakeholders are duly achieved. This was duly embedded under Clause 4 of the Board Charter.</p> <p>Pursuant thereto, the Board has established the Code of Business Conduct and Ethics ("<b>Code of Conduct</b>") and the Anti-Bribery and Corruption Policy ("<b>ABC Policy</b>") which aim at promoting good business practices, ethical behaviour and healthy corporate culture within the Company.</p> <p>1. <u>Code of Conduct</u></p> <p>It sets out the minimum standards which require all Employees to comply with areas and situations where public trust and confidence might be compromised, or a law might be violated. The Code of Conduct serves as guide for proper standards of business ethics and conduct for the Company and the same shall not derogate, replace, or restrict the matured judgement of the employees in conducting their daily activities.</p> <p>The Code of Conduct provides guidance for professional and ethical conducts which include the following key areas:-</p> <ul style="list-style-type: none"><li>(i) Conflict of Interest</li><li>(ii) Trust and Credibility</li><li>(iii) Safety at Work</li><li>(iv) Compliance with Laws</li><li>(v) Competition</li><li>(vi) Respect for Individuals</li><li>(vii) Harassment, Threat and Violence</li><li>(viii) Entertainment, Gifts and Business Courtesies</li><li>(ix) Employment of Family Members</li><li>(x) Involvement in Political Party</li></ul>

	<ul style="list-style-type: none"> <li>(xi) Bribes and Corruption</li> <li>(xii) Data Integrity and Confidential Information</li> <li>(xiii) Dealing with External Parties (Vendors and Business Partners)</li> <li>(xiv) Accountability</li> <li>(xv) Use of Company Resources</li> <li>(xvi) Records Retention</li> <li>(xvii) Insider Dealing</li> <li>(xviii) Business Expenses</li> <li>(xix) Social Media</li> </ul> <p>2. <u>ABC Policy</u></p> <p>In addition to the Code of Conduct, the Company has further established the ABC Policy which sets forth the Company's overall position against bribery and corruption in all its forms and the Company's objective in ensuring full compliance with all applicable anti-corruption regulatory requirements when conducting its business and operation. The ABC Policy further seeks to ensure that the Company adheres to the principles of good corporate governance and emphasises on operating its business with fairness and transparency.</p> <p>The Company is committed to conducting business dealings with integrity particularly avoiding practices of bribery and corruption of all forms in the Company's daily operations. The Company has adopted a zero-tolerance approach against all forms of bribery and corruption. Employees who refuse to pay bribes or participate in acts of corruption will not be penalised even if such refusal may result in losing business.</p> <p>This policy is applicable to the Company and its Group, business associates, resellers, agents and distributors acting on the Company's behalf, the Board of Directors and all the Company's personnel.</p> <p>For the period under review, there was no reported complaint or inquiry received under the Code of Conduct or ABC Policy.</p> <p>A copy of the Code of Conduct and the ABC Policy can be accessed at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a></p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:



<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had established a Whistleblowing Policy to embody the Company's commitment to promote and maintain high standards of transparency, accountability, ethics and integrity within the Company.</p> <p>Recognising the above-mentioned values, the Company provides an avenue for all employees, directors, shareholders, consultants, vendors, contractors, external agencies or any parties with a business relationship with the Company or its Group and members of the public to disclose any improper conduct within the Group.</p> <p>The disclosure of whistleblowing information can be made through a dedicated email at <a href="mailto:whistleblower@ctosdigital.com">whistleblower@ctosdigital.com</a>. Any disclosure will be dealt with strict confidentiality.</p> <p>In accordance with the procedures provided therein, whilst providing protection against reprisals, the Whistleblowing Policy also protects the identity of employees and members of public who report such allegations.</p> <p>All complaints/disclosures would be addressed to the Whistleblowing Committee for further action and that the access to whistleblowing information is governed with the strictest confidentiality under the oversight of Whistleblower Committee. The Members of the Whistleblower Committee of the Company comprises solely of Independent Non-Executive Directors and are as follow:-</p> <ol style="list-style-type: none"><li>1. Nirmala A/P Doraisamy</li><li>2. Dato' Noorazman Bin Abd Aziz</li><li>3. Su Puay Leng</li></ol> <p>During the year under review, the Group Head of Internal Audit, Mr Fuad Hafis Shafie was appointed as Secretariat of the Whistleblowing Committee. The Committee is accorded with the authority to determine the legitimacy of the disclosure, direct further action and determine who should conduct the investigation.</p>

	<p>The Board ensures that further safeguard is provided under the Whistleblowing Policy in addressing any conflict of interest when dealing with whistleblowing information to ensure the effectiveness of its implementation.</p> <p>For the period under review, there was no reported complaint or inquiry received under the Whistleblowing Policy.</p> <p>A copy of the Whistleblowing Policy is published on the Company's website and can be accessed at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a>.</p>	
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board believes that an effective board leadership and oversight in order to uphold the integrity and promote corporate governance in the Company shall include the integration of sustainability considerations, particularly the environmental, social and governance ("<b>ESG</b>") considerations underpinning sustainability in its corporate strategy, governance and decision-making as it is the fundamental to create durable and sustainable value for shareholders and maintain confidence in stakeholders.</p> <p>The Board assigns responsibility for sustainability to senior management and ensure that they have the necessary resources and capabilities to implement the company's sustainability strategy. Senior management ensures that sustainability considerations are integrated into decision-making processes at all levels of the organisation.</p> <p>In this respect, a sustainability governance structure which encompasses the Board, ARC, GCEO, Senior Management (C-Level Team) and Head of Departments was established to manage decision-making processes, formulation and implementation of sustainable actions, targets and strategies across the entire Group. The chart below describes the governance structure formalised.</p> <p>The Board regularly reviews the company's sustainability performance against its goals and targets. This involves monitoring key performance indicators and taking appropriate corrective actions when necessary. The members from sustainability governance structure meet at least half-yearly to assess and evaluate on the respective strategic decisions, responsiveness to emerging ESG issues, risks and opportunities and the Company's progress against the identified objectives and targets.</p>

	<p>The Board had taken into account the sustainability considerations when exercising its duties deciding on strategic management of material sustainability matters that are presented by the Management. Throughout the year of 2022, the Board had undertaken the following activities:-</p> <ol style="list-style-type: none"> <li>1. Reviewed and accepted the CTOS' ESG blueprint and roadmap presented by PwC Consulting Associates (M) Sdn Bhd.</li> <li>2. Reviewed and approved the 2023 Budget with 3-years Strategy Plan, as well as the IT Transformation Plan.</li> </ol> <p>Any strategic matters proposed by Management would be evaluated, monitored and as and when necessary, being revised accordingly to ensure that the Group stays abreast with the development of sustainability measures and sustainability issues relevant to its business.</p> <p>A report on key sustainability activities, demonstrating the Group's commitment to the ESG, the concept of materiality for sustainability strategic planning processes and details on Company's effort towards sustainability was disclosed in the Sustainability Statement of the Annual Report 2022, prepared in accordance with Sustainability Reporting Guide issued by Bursa Securities and guided by the Global Reporting Initiative.</p>	
<b>Explanation for departure</b> :		
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<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 4.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In order to fulfil this responsibility, the Board established appropriate communication channels and processes to disseminate relevant information to stakeholders which include regular reporting on sustainability performance in the company's annual reports, sustainability reports, or other relevant communication channels.</p> <p>Investor Relations is an essential part of the Company's corporate governance framework. The Board ensured that stakeholders have access to accurate and timely information about the Company's sustainability performance by providing regular updates on sustainability initiatives, engaging with stakeholders to obtain feedback, and responding to stakeholder inquiries and concerns.</p> <p>As such, a dedicated channel for Investor Relations was set up and made available on the Company's website at <a href="https://ctosdigital.com/investor-relations/">https://ctosdigital.com/investor-relations/</a>.</p> <p>In addition, under the Board's oversight, the Company has launched other form of communication channels for its stakeholder groups based on the types of investor relations engagement undertaken by the Company to disseminate the information pertaining to sustainability issues either through its News Centre for media releases, Bursa Announcements, General Meetings, Investors Briefings etc.</p> <p>As part of its sustainability priorities within its strategic initiatives, the Company had identified the necessary engagement with external stakeholders and assessed influence or significance levels of these stakeholders, vis-à-vis the outcomes of prioritised material ESG matters according to a scoring mechanism developed internally. The Company has devised a mapping of the preliminary stakeholder prioritisation complete with respective areas of interest, objectives of engagement, key engagement areas and frequency of engagement and a summarised breakdown of which is disclosed in the Sustainability Statement of the Annual Report 2022.</p>

	<p>The Board is satisfied with the Company's initiatives in communicating its sustainability strategies, priorities and targets to its internal and external stakeholders.</p> <p>The Group's approach to ESG issues is in line with the principle of materiality, as described in the Global Reporting Initiative Standards, and with reference to the materiality considerations set out in the Sustainability Accounting Standards Board Standards, FTSE4Good and United Nations Global Compact. In conducting the materiality assessment exercise, which will be reviewed and enhanced annually.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a responsibility to keep abreast of sustainability issues that are relevant to the company and its business. This includes climate-related risks and opportunities, which have become increasingly important for companies to address in recent years. Every Director is required to devote sufficient time to prepare for and attend any continuous training programmes and briefings in relation thereto.</p> <p>According to the Directors' Performance Assessment Framework implemented since December 2021, it requires Directors to attend the relevant training programmes, seminars and forums and particularly to be updated on the sustainability and ESG matters such as reports or updates on governance to ensure the Board is kept abreast with latest regulatory changes, as well as relevant business developments and business trends, in the local and global scene.</p> <p>The Board is fully aware of responsibilities towards the environment and undertakes appropriate management on natural capital. Hence, the Board will continue to evaluate the training needs of Directors on a continuous basis and ensure that all Directors have access to appropriate continuing training/ education programmes.</p> <p>The Board also conducted regular assessments to identify and evaluate sustainability risks and opportunities, i.e. materiality assessment exercise which will be reviewed and enhanced annually. The assessment had taken into account both the company's direct and indirect impacts on the environment and society.</p> <p>The disclosures on the Company and its Group's sustainability training strategy and the detailed list of trainings attended by the Directors are published in its Annual Report 2022 and can be assessed at <a href="https://ctosdigital.com">https://ctosdigital.com</a>.</p>
<b>Explanation for departure</b>	:	



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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<p>One of the roles and responsibilities of the Board under Clause 4 of the Board Charter includes ensuring that the Board is well versed and stays abreast with the sustainability issues relevant to the Company and its business which includes the climate-related risks and opportunities. The Board is further responsible to conduct the performance evaluations of the Board and the Senior Management that include performance review on the Company's material sustainability risks and opportunities.</p> <p>Pursuant thereto, the Board with the assistance of the NRC had developed the Directors' Performance Assessment Framework to set and monitor its sustainability Key Performance Indicators ("KPIs") targets. Under the Framework, the following assessment criteria for Directors was established: -</p> <table><tr><th>No.</th><th>Skill Area</th><th>Description</th></tr><tr><td>1</td><td>Corporate Strategy</td><td>Ability to provide effective leadership, corporate strategy development and underlying environmental, social as well as governance (ESG) oversight for the company to achieve sustainability value, long-term strategy, and success.</td></tr><tr><td>2</td><td>Corporate Governance</td><td>Ability to understand the principles and recommended practices of corporate governance in the conduct of business. The scope includes establishing and observing the code on corporate governance to achieve business sustainability and long-term shareholder value.</td></tr><tr><td>3</td><td>Risk Management</td><td>Ability to identify and manage risks related to the company and industry. The scope includes developing risk management programmes; oversight on regular risk assessment and providing regulatory advice and solutions on risk issues.</td></tr></table>	No.	Skill Area	Description	1	Corporate Strategy	Ability to provide effective leadership, corporate strategy development and underlying environmental, social as well as governance (ESG) oversight for the company to achieve sustainability value, long-term strategy, and success.	2	Corporate Governance	Ability to understand the principles and recommended practices of corporate governance in the conduct of business. The scope includes establishing and observing the code on corporate governance to achieve business sustainability and long-term shareholder value.	3	Risk Management	Ability to identify and manage risks related to the company and industry. The scope includes developing risk management programmes; oversight on regular risk assessment and providing regulatory advice and solutions on risk issues.
No.	Skill Area	Description												
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2	Corporate Governance	Ability to understand the principles and recommended practices of corporate governance in the conduct of business. The scope includes establishing and observing the code on corporate governance to achieve business sustainability and long-term shareholder value.												
3	Risk Management	Ability to identify and manage risks related to the company and industry. The scope includes developing risk management programmes; oversight on regular risk assessment and providing regulatory advice and solutions on risk issues.												

	4	Compliance and Legal Oversight	Ability to maintain compliance with legal and regulatory requirements. The scope includes developing and implementing compliance programmes and providing compliance advisory to the business.
	5	Strategy	Ability to develop effective corporate strategies for growth. The scope includes the ability to conceptualize and formulate strategies to create opportunities and maximize gains.
	6	Accounting, Financial Reporting and Taxation	Ability to read, analyze and interpret financial statements, and working knowledge of Malaysian tax regime and key provisions affecting the company.
	7	Information Technology Strategy and Governance	Knowledge and experience in the strategic use and governance of information management and information technology, including personal information privacy and security risk management.
	8	Human Capital	Understands and is familiar with human resource legislation and issues, with experience is field of talent retention, capacity building, performance evaluation and skill set development.
	9	Commercial and Marketing	Experience in commercial and business, including promoting and marketing products/services, and the ability to assess and addressing threats from competitors.
	10	Production and Quality Assurance	Familiar with products and services of the company and ability to assess quality issues of products and services.
In addition, the Board had set material sustainability risks and opportunities for the Senior Management as an assessment criterion under their KPIs, inter alia, the execution of the Company's strategies through the efficient and effective implementation and the achievement of the Company's pre-set performance objectives based on qualitative and quantitative measures.			
Explanation for departure			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.5- Step Up

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

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>									
<b>Application</b>	: Adopted								
<b>Explanation on adoption of the practice</b>	: Under the Group's sustainability structure, the following designated officers are appointed to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Company:- <table><tr><th>Designated Officer</th><th>Roles and Responsibilities</th></tr><tr><td>Mr. Erick Hamburger (GCEO)</td><td><ul style="list-style-type: none"><li>Responsible for the deliberation and approval of all key sustainability-related matters and decisions</li><li>Sets the Company's sustainability agenda including its strategy, roadmap and monitoring the action plans.</li></ul></td></tr><tr><td>Ms. Peggy Ding Sze Kay (Group Head of Corporate Strategy &amp; Planning)</td><td><ul style="list-style-type: none"><li>Monitors the overall management and strategic direction of the company, assess performance and conduct sustainability assessments to identify sustainability risks and opportunities across the company's operations and supply chains.</li><li>Engages with stakeholders in order to understand their expectations and concerns regarding sustainability issues and opportunities, ultimately leading to the development of more effective sustainability initiatives.</li></ul></td></tr><tr><td>Other Senior Management (C-level Team) and Head of Departments/Sections</td><td><ul style="list-style-type: none"><li>Operationalise CTOS' sustainability plans in various areas of the business and operations to make them operational, and ensure that sustainability initiatives are in</li></ul></td></tr></table>	Designated Officer	Roles and Responsibilities	Mr. Erick Hamburger (GCEO)	<ul style="list-style-type: none"><li>Responsible for the deliberation and approval of all key sustainability-related matters and decisions</li><li>Sets the Company's sustainability agenda including its strategy, roadmap and monitoring the action plans.</li></ul>	Ms. Peggy Ding Sze Kay (Group Head of Corporate Strategy & Planning)	<ul style="list-style-type: none"><li>Monitors the overall management and strategic direction of the company, assess performance and conduct sustainability assessments to identify sustainability risks and opportunities across the company's operations and supply chains.</li><li>Engages with stakeholders in order to understand their expectations and concerns regarding sustainability issues and opportunities, ultimately leading to the development of more effective sustainability initiatives.</li></ul>	Other Senior Management (C-level Team) and Head of Departments/Sections	<ul style="list-style-type: none"><li>Operationalise CTOS' sustainability plans in various areas of the business and operations to make them operational, and ensure that sustainability initiatives are in</li></ul>
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Other Senior Management (C-level Team) and Head of Departments/Sections	<ul style="list-style-type: none"><li>Operationalise CTOS' sustainability plans in various areas of the business and operations to make them operational, and ensure that sustainability initiatives are in</li></ul>								

	<div data-bbox="933 185 1396 257"> <p>line with the company's business strategy.</p> </div> <div data-bbox="898 297 1396 1137"> <ul style="list-style-type: none"> <li>• Supervise the overall implementation, purpose, and effectiveness of CTOS' sustainability program. Mainly responsible for ensuring that CTOS' sustainability culture and agenda are incorporated throughout the organization by being the primary person responsible for tasks such as: <ul style="list-style-type: none"> <li>a) Reports to the GCEO and Group Head of Corporate Strategy and Planning on sustainability performance updates</li> <li>b) Liaises and works closely with various department leaders to ensure that the Company's business activities, transactions and operations are in compliance with regulatory guidelines and evolving standards.</li> </ul> </li> </ul> </div>
	<p>If required, an external party would be appointed to develop the Company's sustainability framework and to assist in the integration of the sustainability framework into the Company's operation. As per Group's sustainability structure, the above designated officers, including any external party appointed therewith, would collectively report to the Board and the Board Committees on the Company's sustainability tasks from time to time.</p>

### Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Under Clause 9 of the Board Charter and the Constitution of the Company, the Board had embedded its policy on the tenure of directorships, whereby inter alia, all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.</p> <p>The NRC is also responsible in assisting the Board to ensure that the composition of the Board is refreshed periodically in accordance with its TOR. This is to ensure that the Board is of the appropriate size and balanced composition with a diverse mix of skills, knowledge, qualifications, experience, age, cultural background, and gender diversity in order to ensure its effectiveness in discharging its duties with regards to the MCCG 2021.</p> <p>In order to discharge the abovementioned duties, the NRC has established Directors' Performance Assessment Framework, a formal assessment on the performance of the Board as a whole, its Board Committees and individual Directors. The framework serves as a guidance for the recommendation on re-election of Director based on the following, inter alia:-</p> <ol style="list-style-type: none"><li>1. The assessment on the Board's leadership and effectiveness;</li><li>2. The annual assessment of Directors performance in discharging their responsibilities for the governance of Company's sustainability including setting the Company's sustainability strategies, priorities and targets; and</li><li>3. The assessment on the necessary quality, integrity, credibility, and competencies of the Directors that contribute to the development and growth of the Company.</li></ol> <p>Based on the performance assessment result of every Director, the NRC may assess, evaluate and recommend to the Board for the removal of any Director who is found to be ineffective, errant or negligent in the discharging his/her responsibilities.</p> <p>The NRC is satisfied with the performance and contribution of all Directors of the Board as of the present. During the period under</p>

	review, premised on satisfactory assessment results, the Board endorsed the NRC's recommendation to seek shareholders' approval for re-election of the Directors who were due for retirement and have offered themselves for re-election at the Company's 2022 Annual General Meeting (" <b>AGM</b> ").	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As at 31 December 2022, the Board consists of five (5) Independent Non-Executive Directors (including one (1) Independent Non-Executive Chairman), one (1) Executive Director, one (1) Non-Independent Non-Executive Director and one (1) Alternate Director (to Non-Independent Non-Executive Director). The Independent Directors represented 71.4% of the Board composition.</p> <p>All Independent Non-Executive Directors met the criteria for independence as prescribed under the MMLR of Bursa Securities and no politician is appointed to the Board of the Company as at the date of this report. The Board opined that the current number of INEDs is adequate to provide a fair check and balance in terms of bringing independence of judgement and ensuring the Board's decisions are made objectively in the best interests of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Currently, none of the Independent Non-Executive Directors of the Company have served the Board beyond the cumulative terms of nine (9) years, details of which as set out in the Annual Report 2022.</p> <p>The following has been embedded under Clause 9 of the Board Charter and Clause 5 of its Terms of Reference of the NRC to govern an independent director with long tenure of beyond nine years:-</p> <ul style="list-style-type: none"><li>(i) NRC to review and recommend the continuation in office of INED who has served a cumulative terms of nine (9) years;</li><li>(ii) The Board to provide the justification to retain an INED beyond nine (9) years, but not more than twelve (12) years; and</li><li>(iii) To seek approval at Annual General Meeting through a two-tier voting process if the Board intends to retain INED beyond the said nine (9) years, but not more than twelve (12) years.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.4 - Step Up

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

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>It is duly embedded under Clause 5 of the Board Charter that the Chairman of the Board is responsible in ensuring that prior to any new appointments to the Board, an assessment is undertaken on the candidate to ensure they have the necessary skills, expertise and diversity to carry out their fiduciary duty. In addition, Clause 8 the Board Charter had expanded to capture the following requirements:-</p> <ul style="list-style-type: none"><li>(i) The Board Composition shall comprise Directors with the balance of skills, diversity and expertise who collectively possess the necessary qualifications to carry out the fiduciary duties of the Board;</li><li>(ii) The appointment of Board Members shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender; and</li><li>(iii) The Board shall endeavour to maintain a composition of at least 30% female Directors.</li></ul> <p>Please refer to the Annual Report 2022 on the details on the diversity of Board Members, a copy is published on the Company's website at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a></p> <p><u>Directors' Selection Policy</u></p> <p>The Directors' Selection Policy was established to outline the detailed processes and criteria for the selection and assessment of potential candidates to be elected to the Board. Under the Policy, the following important factors have been identified to achieve an optimal Board composition:</p> <ul style="list-style-type: none"><li>(i) Appropriate range and balance of skills, experience, knowledge, age, cultural background, gender and independence of Directors;</li></ul>

- (ii) The right balance between query and teamwork, and fresh input of new ideas and critical thinking, while maintaining a cohesive Board;
- (iii) Diversity of personal attributes among Board members, including: intellect and judgement, courage, openness, honesty and tact, ability to listen, forge relationships and develop trust. Diversity of background and gender is important to ensure that the Board is not composed solely of like-minded individuals; and
- (iv) Shall endeavour to maintain a composition of at least 30% female Directors.

#### Diversity and Inclusion under Sustainability Strategy

Part of the Groups' sustainability strategies and initiatives include Diversity and Inclusion, both at Senior Management level and overall employee level. The Group seeks to provide a workplace that prioritises diversity and inclusion in order to continue building an environment without any barriers to entry and career advancement, purely based on equal opportunity and merit, for maintaining the longevity and sustainability of the business.

While the Group needs to provide a conducive working environment that practices equality and fosters an all-inclusive spirit among its employees, it is equally imperative for the Company to cultivate an inclusive and diverse talent pool that forms the foundation of a successful business. The Group encourages the employees to thrive and gain access towards unlocking and developing their full potential, by providing our employees with a fair and inclusive working environment.

The Senior Leadership Team are appointed based on their relevant knowledge, skills, credentials, and experiences to the Company. The Group strives to be an equal opportunity employer who does not discriminate against race, ethnicity, religion, nationality, gender or disability. The same was materialized through the following department/team compositions:-

<b>Senior Management / C-Level Team (CLT)</b>	Male	60%
	Female	40%
<b>Senior Leadership Team / Heads of Department (SLT/HODs)</b>	Male	76%
	Female	24%
<b>CLT/SLT/HODs</b>	Male	73%
	Female	27%

No	Employee	Designation	Age	Appointment Date	Gender	Race	Religion	Nationality
1	Dennis Colin Martin  (Stepped down as GCEO on 30 April 2022)	GCEO	58	01/06/2017	Male	European	Christian	New Zealander
2	Erick Hamburger Barraza  (Appointed as GCEO on 1 May 2022)	GCEO	54	20/09/2021	Male	Latin American	Christian	Colombian
3	Chin Kuan Weng	CEO of CTOS Data Systems Sdn Bhd	52	18/11/2014	Male	Chinese	Buddhist	Malaysian
4	Chen Thai Foong (retired on 16 Jan 2023)	Group Chief Financial Officer	60	05/04/2016	Female	Chinese	Buddhist	Malaysian
5	Tracy Gan Jo Lin	Chief Operating Officer of CTOS Data Systems Sdn Bhd	46	02/05/2017	Female	Chinese	Buddhist	Malaysian
6.	James Fancourt Mitchell	Group Chief Technology Officer	53	17/05/2022	Male	Caucasian	Muslim	Australian

Under the Sustainability Strategy and the Company's Manpower Planning Policy, there are avenues available for any aggrieved person to lodge complaint against any discrimination encountered in the Company.

#### Time Commitment

The Board had included a term under Clause 6 of its Board Charter requiring every Director of the Company shall devote sufficient time to prepare for and attend Board and Board Committee meetings, any continuous training programmes and briefings. In addition, further term was included to ensure that the Director of the Company must not hold more than five (5) Directorships in a public listed company as prescribed by MMLR. The Board further imposed term on the Executive Director whereby such person must not hold directorship in any other public listed company. These measures would assist the Board in ensuring that the Director's commitment in his/her time and resources will not be affected in discharging his/her duties effectively as a Director of the Company. The Board had reviewed during the 2022 Directors' Performance Assessment and is satisfied with the level of time commitment given by all Directors in discharging their roles and responsibilities. All Directors' attendances at the respective meetings of the Board and Board Committees held during the financial year 2022 is set out in the CG Overview Statement of the Annual Report 2022.

	<p><u>Directors' Qualification Fit and Proper Policy</u></p> <p>The Board had adopted the Directors' Qualification Fit and Proper Policy. The Directors are required to meet the qualification, fitness and propriety throughout their respective directorship tenure, and this include the requirement on integrity of the Directors.</p> <p>A copy of the Policy is published on the Company's website and can be accessed at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a></p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board with the assistance of the NRC, is responsible for the appointment of the Company's Directors. Under the TOR of the NRC, the NRC is responsible in recommending suitable candidates for directorship on the Board. For this purpose, the NRC would take into consideration the following objective criteria, merit and with due regard of the required diversity in skills, experience, age, cultural background, and gender:</p> <ul style="list-style-type: none"><li>(i) Skills, knowledge, expertise, experience, and wide range of backgrounds of the candidates;</li><li>(ii) Professionalism of the candidates;</li><li>(iii) Character, competence and integrity of the candidates;</li><li>(v) Commitment and time, contribution, and performance of the candidates;</li><li>(vi) In the case of candidates for the position of Independent Directors, evaluate the candidates' ability to discharge such responsibilities and functions as expected from an Independent Director;</li><li>(vii) In the case of candidates filling seats in respect of the ARC in particular, to ensure the candidate is financially literate and possesses a wide range of necessary skills to discharge his/her duties.</li></ul> <p>As provided under the NRC TOR, the NRC is accorded with the option to utilise independent sources and variety of approaches to identify suitably qualified candidates. The NRC would disclose the source whether such candidates were recommended by any of the existing Directors, Members of Senior Management or major shareholders.</p> <p><u>Directors' Selection Policy</u></p>



	<p>In enforcing its oversight function, the Board had further established its Directors' Selection Policy to enhance the selection process for the appointment of Directors. Under the policy, the NRC shall proactively exchange views with the Board members to study the needs for new Directors of the Company and would request nominations from the Board, as well as actively seek suggestions for possible nominees from other sources. The NRC may consider using executive search firms to assist with seeking the right candidates with the required skills and background.</p> <p>Since being listed and during the year under review, the Board did not make any new appointments except for the appointment of Erick Hamburger as the Executive Director. The Board and the NRC would be guided with the above established processes in the event of new future appointment of Director.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	The profile of directors who are standing for re-election are set out in pages 23 and 26 of the Annual Report 2022. The statement to support the re-election of directors is set out in the explanatory note of the Notice of 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**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NRC is chaired by Lynette Yeow Su-Yin, an Independent Non-Executive Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As at 31 December 2022, the Board has the following three (3) female representatives on the Board, representing 42.8% of the total Board Members:-</p> <ol style="list-style-type: none"> <li>1. Lynette Yeow Su-Yin;</li> <li>2. Nirmala A/P Doraisamy; and</li> <li>3. Su Puay Leng.</li> </ol> <p>The Board opined that a diverse Board is necessary to provide multiple perspectives, experiences and expertise needed to achieve an effective stewardship in value creation. It is key to ensure the Company stays relevant in the rapidly evolving business environment.</p> <p>Reflecting the Board's continuous commitment toward gender diversity policy, the requirement of having at least 30% of women Directors in the composition of the Board was included in the Company's internal policies i.e. Clause 8.3 of the Board Charter and Clause 4 of the Directors' Selection Policy.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has included in the Annual Report 2022, a disclosure on Boardroom Diversity in the CG Overview Statement for the financial year ended 31 December 2022.</p> <p>The Directors' Selection Policy outlines the approach on Board composition diversity to include various background, experience, age, gender and race.</p> <p>A similar oversight approach was adopted when it comes to the diversity of the Company's Senior Management level. The overall diversity initiatives are disclosed as part of the Group's sustainability plan. Full information can be found under Sustainability Statement in the Company's Annual Report 2022.</p> <p>As of 31 December 2022, the Company and its Group had maintained a healthy balance of diversity with the participation of female officers in the senior management level (C-Level Team, Senior Leadership Team and Heads of Department) and 27% of the Senior Management positions are held by women.</p> <p>As part of the Sustainability initiatives, the Board together with Management would review the diversity in the Company's Senior Management composition from time to time.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

## Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance as established under the Directors' Performance Assessment Framework. The assessment took into account the Board's leadership, effectiveness, and individual Director's performance in discharging their responsibilities for the governance of Company's sustainability including setting the Company's sustainability strategies, priorities and targets. The established performance criteria covers the necessary quality, integrity, credibility, and competencies of the Director's contribution to the Company development and growth.</p> <p>The evaluation process was based on self/peer assessments whereby the Directors assessed themselves and also their collective fellow Board Members. The evaluation process is led by the Chairman of the NRC, assisted by the external Company Secretaries to facilitate the said performance assessment which was conducted via evaluation forms. The Company Secretaries had assisted in the preparation of documents for the annual evaluation which includes self and peer evaluation. Each Director conducts the evaluation confidentially through an online questionnaire. The criteria and outcome of each assessment was properly documented by the Company Secretaries. The result was then tabled and deliberated by the NRC and subsequently reported to the Board for consideration and action.</p> <p>Based on the results of the recent assessment, the NRC was satisfied that the Board size and its composition are optimum comprising of individuals with the requisite skills, knowledge, experience, characteristics and competencies to effectively discharge their roles. The Directors, the Board and the Board Committees had discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and the Company. The Directors had committed their</p>

	<p>time to responsibly fulfil their commitment to the Company during the financial year under review.</p> <p>The Board will continue to review the efficiency and effectiveness of the Board evaluation process to ensure it remains a valuable feedback mechanism for improving Board effectiveness, maximising strengths and highlighting areas for further improvement.</p> <p>The Board endeavours to undertake a periodic board evaluation facilitated by an independent expert at least every three years to ensure greater objectivity and to provide an unbiased perspective of each Director's performance and their ability to contribute effectively to the Board.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has established the Directors' Remuneration Policy and the Senior Management Remuneration and Assessment Framework to determine the remuneration of its Directors and Senior Management.</p> <p>Both the Policy and Framework aim at providing guidance in setting the appropriate level of remuneration that would allow the Company to attract and retain the service and the employment of suitable, talented and well-qualified Directors and Senior Management respectively in line with the long-term business strategies of the Company.</p> <p><u>The Directors' Remuneration Policy</u></p> <p>The remuneration policy and adopted processes had appropriately reflected the different roles and responsibilities of each Director. The policy and practices are periodically reviewed by the NRC to ensure its continued relevance throughout the period upon consideration made on the salary, benefits-in-kind, other emoluments and annual performance bonus in detail, ensuring the remuneration is attractive to retain and able to motivate them to run the Company. The NRC is guided by the following principles governing the remuneration to be paid to the individual Directors:-</p> <ul style="list-style-type: none"><li>i. the demands, complexities and performance as a whole of the Company;</li><li>ii. the level of responsibilities, the skills, expertise and experience required;</li></ul>



	<p>iii. that the remuneration is set at a competitive level for similar roles and responsibilities within current market practices by comparable companies; and</p> <p>iv. that any such remuneration incentives do not conflict with the Directors' obligations to bring objectivity and independent judgment to the Company.</p> <p>A copy of the Directors' Remuneration Policy is available on the Company's website at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a></p> <p><b><u>Senior Management Remuneration and Assessment Framework</u></b></p> <p>The remuneration structure for the GCEO and Senior Management is designed to ensure the quantum of remuneration paid to the senior management is optimum and aligns with shareholders' interest in driving the Company's performance.</p> <p>The underlying principle of the Framework is to reward the employees who have performed well and who have contributed to the overall profits, productivity, growth and sustainability of the Company.</p> <p>As for salary, the Company seeks to provide fixed remuneration to reflect the scale and complexity of both the business and the role, and to be competitive with the external market. The fixed salary is set according to job nature of the position including responsibility and complexity, the level of skills and experiences and market conditions. When approving salaries, the NRC considers the practices in other comparable companies as well as other companies of a similar size, geographic spread and business dynamics to the Company.</p> <p>Any revisions to the Policy and Framework recommended by the NRC will be submitted to the Board for consideration and approval.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established NRC which comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The TOR of the NRC sets out the roles and responsibilities of the NRC in relation to remuneration matters and is available on the Company's website at <a href="https://ctosdigital.com/corporate-governance/">https://ctosdigital.com/corporate-governance/</a></p> <p>The Board is satisfied that the NRC had discharged its duties and responsibilities with respect to Directors' remuneration including reviews of the remuneration package for the Executive Directors and Senior Management of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The details of the remuneration of Directors comprising remuneration received from the Company and subsidiary companies for the financial year ended 31 December 2022 are set out as below:-

No	Name	Directorate	Company (RM'000)							Group (RM'000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emolument	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emolument	Total
1	Tan Sri Izzuddin Bin Dali	Independent Director	103,129	0	0	0	0	0	103,129	103,129	0	0	0	0	0	103,129
2	Dato' Noorazman Bin Abd Aziz	Independent Director	79,129	6,000	0	0	0	0	85,129	79,129	6,000	0	0	0	0	85,129
3	Lynette Yeow Su-Yin	Independent Director	85,129	0	0	0	0	0	85,129	85,129	0	0	0	0	0	85,129
4	Nirmala A/P Doraisamy	Independent Director	88,935	0	0	0	0	0	88,935	88,935	0	0	0	0	0	88,935
5	Su Puay Leng	Independent Director	79,329	4,800	0	0	0	0	84,129	79,329	4,800	0	0	0	0	84,129
6	Loh Kok Leong	Non-Executive Non-Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Erick Hamburger Barraza	Executive Director	0	0	0	0	0	0	0	0	7,500	450,000	0	0	0	457,500

	<i>(appointed w.e.f. 30 September 2022)</i>															
8	Wong Pau Min	Alternate Director to Loh Kok Leong	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Datuk Azizan Haji Abd Rahman <i>(resigned w.e.f. 7 March 2022)</i>	Independent Director	15,581	0	0	0	0	0	15,581	15,581	0	0	0	0	0	15,581
10	Dennis Colin Martin <i>(resigned w.e.f. 30 September 2022)</i>	Executive Director	0	0	0	196,700	0	0	196,700	0	0	0	196,700	0	0	196,700

### Intended Outcome

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

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
<b>Explanation on application of the practice</b>	:	The total remuneration of top five Senior Management of the Company for the financial year ended 31 December 2022 are provided below in bands of RM50,000:-	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Erick Hamburger Barraza (Appointed as GCEO on 1 May 2022)	GCEO	1,900,001-1,950,000	0-50,000	Choose an item.	Choose an item.	Choose an item.	1,950,001-2,000,000
2	Chen Thai Foong	Group Chief Financial Officer	600,001-650,000	0-50,000	100,001-150,000	Choose an item.	Choose an item.	700,001-750,000
3	James Fancourt Mitchell	Group Chief Technology Officer	450,001-500,000	0-50,000	Choose an item.	Choose an item.	Choose an item.	450,001-500,000
4	Chin Kuan Weng	CEO of CTOS Data Systems Sdn Bhd	550,001-600,000	0-50,000	50,001-100,000	Choose an item.	Choose an item.	650,001-700,000
5	Tracy Gan Jo Lin	Chief Operating Officer of CTOS Data Systems Sdn Bhd	600,001-650,000	0-50,000	50,001-100,000	Choose an item.	Choose an item.	700,001-750,000

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	



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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company adopted the policy of having different individuals for the role of Chairman of the Board and the Chairman of its Board Committees including the ARC. Having the Board Chairman and Chairman of the ARC assumed by different individuals allows the Board to review the ARMC's findings and recommendations objectively.</p> <p>The Chairman of the ARC is Ms Nirmala A/P Doraisamy who was redesignated from ARC member to ARC Chairman on 7 March 2022, whilst the Chairman of the Board is Tan Sri Izzuddin Bin Dali and he does not attend nor participate in any meetings of the ARC either by way of invitation or otherwise.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted the practice that requires a former partner of an external audit firm to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARC which outlined in Clause 13.3 of the ARC's TOR.</p> <p>Presently, none of the members of the ARC is a former key audit partner of the External Auditors of the Company or its subsidiaries.</p> <p>In addition, with the adoption of Directors' Qualification, Fit and Proper Policy, the Independent Directors of the Company have to comply with the Specific Qualification Criteria for Independent Director under Chapter 1 of the MMLR and the specific criteria under Practice Note 13 of the MMLR: Requirements for Directors and Signatory of Statutory Declaration for Accounts. Directors are also required to declare and sign the Fit and Proper Declaration Form confirming that they are/were not engaged or is/was a partner of External Auditors firm of the Company or its subsidiaries.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

Application	:	Applied														
Explanation on application of the practice	:	<p>As part of its oversight responsibilities, the Board had approved the Performance Evaluation Framework for External Auditor and Internal Audit Function (“PEF”).</p> <p>The ARC's recommendation on the appointment (and reappointment) of External Auditors is required to be made based on the following key components:-</p> <table><tr><th>Key component</th><th>What is being assessed</th></tr><tr><td>Calibre of the firm</td><td>The External Auditor's reputation and presence in the industry</td></tr><tr><td>Quality processes and performance</td><td>The processes within the external audit firm to ensure that key risks and issues relating to the audit are being managed</td></tr><tr><td>Audit team</td><td>The audit team's skills and expertise, including industry knowledge</td></tr><tr><td>Independence and objectivity</td><td>The processes in place to protect against impairment to independence and objectivity of the external audit firm</td></tr><tr><td>Audit scope and planning</td><td>Whether adequate considerations were given when the audit was scoped and planned. This includes whether the audit scope is aligned with corporate risk profile and management expectations</td></tr><tr><td>Audit communications</td><td>The frequency and matters discussed between the External Auditors and the ARC, including private sessions to deliberate key activities reviewed</td></tr></table> <p>The ARC also reviews the nature and extent of non-audit services rendered by the external auditor during the financial year and</p>	Key component	What is being assessed	Calibre of the firm	The External Auditor's reputation and presence in the industry	Quality processes and performance	The processes within the external audit firm to ensure that key risks and issues relating to the audit are being managed	Audit team	The audit team's skills and expertise, including industry knowledge	Independence and objectivity	The processes in place to protect against impairment to independence and objectivity of the external audit firm	Audit scope and planning	Whether adequate considerations were given when the audit was scoped and planned. This includes whether the audit scope is aligned with corporate risk profile and management expectations	Audit communications	The frequency and matters discussed between the External Auditors and the ARC, including private sessions to deliberate key activities reviewed
Key component	What is being assessed															
Calibre of the firm	The External Auditor's reputation and presence in the industry															
Quality processes and performance	The processes within the external audit firm to ensure that key risks and issues relating to the audit are being managed															
Audit team	The audit team's skills and expertise, including industry knowledge															
Independence and objectivity	The processes in place to protect against impairment to independence and objectivity of the external audit firm															
Audit scope and planning	Whether adequate considerations were given when the audit was scoped and planned. This includes whether the audit scope is aligned with corporate risk profile and management expectations															
Audit communications	The frequency and matters discussed between the External Auditors and the ARC, including private sessions to deliberate key activities reviewed															

	<p>concluded that the provision of these services did not compromise their independence and objectivity.</p> <p>During the year under review, Messrs. PricewaterhouseCoopers PLT ("<b>PwC</b>") was re-appointed as the external auditors of the Company. Based on the assessment, the ARC recommended to the Board the re-appointment of PwC as external auditors of the Company be tabled at the forthcoming AGM for shareholders' approval.</p> <p>The ARC also obtained written assurance from the external auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The ARMC comprised 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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Members of the ARC possess a wide range of necessary skills to discharge their duties. The ARC Members of the Company are financially literate, competent and are able to understand matters under the purview of the ARC including especially matters of the financial reporting process.</p> <p>The profiles of the ARC Members consisting of their education/professional qualification background, working experience and directorship experience are stated in the Company's Annual Report 2022 and can be accessed on our website at <a href="https://ctosdigital.com/investor-relations/">https://ctosdigital.com/investor-relations/</a>.</p> <p>As required under the ARC TOR, all the ARC Members are required to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Other than that, the ARC Members are highly recommended to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, such as cybersecurity, ESG aspects, and regulatory compliance.</p> <p>Based on the annual assessment in regard to the term of office and performance of the ARC for the financial year ended 31 December 2022, the Board is satisfied that the ARC has discharged its duties and responsibilities effectively as per its TOR and the ARC as a whole and each member of the ARC have added value and contributed to the overall effectiveness of the ARC.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a strong risk management and internal control governance structure which is crucial in setting the tone and culture towards effective risk management and internal control. In order to discharge its oversight roles and responsibilities effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions and internal controls and risk management to the ARC. This is to ensure that the Company appropriately manages the significant risks encountered proportionate to their level of significance, to allow the Company to respond in a timely manner and adapt to the changes in business and operating environment.</p> <p>The Board continually articulates, implements and reviews the adequacy and effectiveness of the Company's enterprise-wide risk management and internal control system which has been embedded in all aspects of the Company's operation and activities. The Board reviews the processes, responsibilities and assesses for reasonable assurance that risks have been mitigated by formalising relevant controls and processes and to ensure that the system is viable and robust.</p> <p>The Board has received assurances from the GCEO and Head of Financial Planning &amp; Analysis that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.</p> <p>The Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers contains an overview of the various risk management practices and internal control processes implemented by the Group, which is available in the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has a sound system of risk management framework and internal control systems in place to effectively manage its business risks. The following are the brief description of features pertaining to the risk management and internal control framework:-</p> <p>A. <u>Risk Management</u></p> <p>i. Risk Management Framework</p> <p>The Enterprise Risk Management Policy and Procedure adopted by the Company is aligned to ISO 31000:2018 "Risk Management - Principles and Guidelines". The Framework provides a structured and consistent approach to risk management implementation across the Company for informed decision-making.</p> <p>ii. Risk Appetite</p> <p>The Company's risk appetite is an integral component of the Enterprise Risk Management Framework. By setting the risk appetite, it reflects the level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities, which will then integrated into the strategic planning process of the Company.</p> <p>iii. Risk Governance and Oversight</p> <p>The risk governance model of the Company is supported by a formal organisational structure with clear lines of authority and responsibility. It provides a formalised, transparent and effective governance structure that promotes active involvement from the Board and Senior Management in the risk management process to ensure a unified view of risk.</p> <p>iv. Risk and Compliance Culture</p> <p>As part of the risk and compliance culture, the Board, Senior Management and employees are committed to adhere to the</p>

	<p>requirements of relevant laws, rules, and regulations. This commitment is clearly demonstrated through the establishment and enhancement of policies, processes and controls in managing and preventing non-compliances.</p> <p>v. Risk Management Processes</p> <p>The Company's risk management process is guided by ISO31000:2018 Risk Management Guidelines.</p> <p>vi. Risk Assessment</p> <p>The Company conducted its risk management and internal control system reviews which identified major risk areas of concern and formalised mitigating actions which shall be undertaken within appropriate timeframes.</p> <p>B. <u>Internal Control</u></p> <p>The Company has set out the key elements of the internal control system which serve as a guideline of point of actions that shall be done by involving parties.</p> <p>The internal audit was conducted using a risk-based approach and was guided by the International Professional Practices Framework ("IPPF") and internal audit assessments were carried out based on the approved Internal Audit Plan for 2022, which was developed using a risk-based approach based on the Company's strategic direction.</p> <p>Detailed features of risk management and internal control framework of the Company together with its adequacy and effectiveness are disclosed under the Statement on Risk Management and Internal Control of Annual Report 2022. A copy of the same is available on the Company's website at <a href="https://ctosdigital.com/">https://ctosdigital.com/</a>.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has an in-house Group Internal Audit Department ("IAD") and the key functions of IAD are governed by the Company's Internal Audit Charter ("<b>IA Charter</b>"), a formal document outlining IAD's purpose, function, authority, roles and responsibility and objectivity, which established IAD's position within the organisation and independent status within the Company.</p> <p>IAD performs independent audits in areas within the Company including overall governance and control, operations and financial activities, in accordance with the Internal Audit Plan ("<b>Audit Plan</b>"). Developed by IAD and approved by the ARC on an annual basis, the Audit Plan is assessed on a quarterly basis in alignment with the business and risk environment, and Company's direction.</p> <p>The appointment, removal, scope of work, performance evaluation and budget for the internal audit function is under the oversight purview of the ARC.</p> <p>The ARC has satisfied itself that in developing the scope of the internal audit function which is effective and able to function independently:-</p> <ul style="list-style-type: none"><li>(i) the person responsible for internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;</li><li>(ii) internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively; and</li><li>(iii) the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.</li></ul> <p>The Group Head of Internal Auditor reports directly to the ARC and the performance is reviewed by the ARC annually in accordance with the Company's Performance Evaluation Framework for External Audit and Internal Audit Function.</p> <p>Please refer to the ARC Report and the Statement on Risk Management and Internal Control under the Annual Report 2022 as published on the Company's website at <a href="https://ctosdigital.com/">https://ctosdigital.com/</a></p>

	for the activities undertaken by the ARC during the period under review pertaining to internal audit function and further details.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 11.2

The board should disclose—

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is headed by Mr Fuad Hafis Shafie ("<b>Mr Fuad</b>"), the Group Head of Internal Audit, who reports functionally to the ARC and administratively to the Group CEO. Mr Fuad is a Certified Internal Auditor, a member of the Institute of Internal Auditors Malaysia. He has more than 10 years of experience in internal auditing and risk consulting field. Including Mr Fuad, the IAD consists of 2 staff to discharge the internal audit function effectively.</p> <p>Based on the Company's Performance Evaluation Framework for External Audit and Internal Audit Function, the ARC is satisfied and confirmed that all the audit personnel from IAD are free from any relationships or conflicts of interest, which could impair the objectivity and independence during the course of the internal audit work.</p> <p>IAD's audit processes and activities are carried out in accordance with the guidelines issued by the Institute of Internal Auditor's mandatory guidance established under the International Standards for the Professional Practice of Internal Auditing.</p> <p>For details, please refer to the ARC Report and the Statement on Risk Management and Internal Control under the Annual Report 2022 as published on the Company's website at <a href="https://ctosdigital.com/">https://ctosdigital.com/</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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**Intended Outcome**

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

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

**Practice 12.1**

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company communicates with its stakeholders through various channels and media. A constructive and effective investor relationship is important to enhance shareholder value and to always keep shareholders and various stakeholders informed of the Company's businesses, corporate affairs and ensures that the Company's communication with them is transparent and timely.</p> <p>Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. Shareholders and other stakeholders may subscribe to the Company's Investor Relations News Alerts via its website to enable subscribers be alerted on the latest new announcements posted on the Company's website. Shareholders may further communicate with the Company on investor relation matters via email or phone call. The contact details are available at <a href="https://ctosdigital.com/investor-relations/overview/">https://ctosdigital.com/investor-relations/overview/</a>. The Company strives to reply to these enquiries within a reasonable time.</p> <p>The Company endeavours to build long-term relationships with shareholders and potential investors through appropriate channels and for the purpose of disclosure of information. The Company strives to disclose all price sensitive information to the public as soon as practicable and in terms of degree of the disclosures, the Company is guided by Bursa Securities' Corporate Disclosure Guide.</p> <p>All public announcements are electronically published and can be accessed at Bursa Securities' website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> or the Company's website at <a href="https://ctosdigital.com/">https://ctosdigital.com/</a>. The Company's website includes dedicated sections which provide all relevant information of the Group, including announcements to Bursa Securities, share price information as well as the corporate and governance structure of the Group.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Group has yet to fully adopt a globally recognised integrated reporting framework. However, the Annual Report 2022 has incorporated some aspects of integrated reporting based on the parameters outlined in a globally recognised framework, providing stakeholders with a detailed view of the group's financial and non-financial information.</p> <p>The Board believes that the Annual Report 2022, which includes the Management Discussion and Analysis, Corporate Governance Overview Statement, Sustainability Report, as well as Statement on Risk Management and Internal Control, is sufficiently comprehensive to enable stakeholders to make well-informed decisions.</p> <p>The Board will continue to review and improve the contents of its annual report and build upon the necessary processes and systems towards fully adopting an integrated reporting framework.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board endeavours to undertake further readiness assessments to identify the structural changes necessary to adopt an integrated reporting framework.
<b>Timeframe</b>	:	Within 2 years

**Intended Outcome**

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

**Practice 13.1**

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AGM notice was issued on 29 April 2022, i.e. at least 28 days prior to the AGM on 27 May 2022.</p> <p>The Notice convening the 2023 AGM scheduled to be held on 26 May 2023 is dated 26 April 2023, giving the shareholders at least 29 clear days' notice (exclude the day of sending the notice and the day of the meeting) to make necessary arrangement to attend and participate in the AGM remotely by using the Remote Participation and Voting facilities (“<b>RPV facilities</b>”) in person or through corporate representatives or proxies. In addition to sending notice, the Company also published the AGM Notice on the nationally circulated newspaper alongside an announcement on the website of Bursa Securities and on its Company’s website.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the 2022 AGM of the Company held on 27 May 2022, all meeting participants including the Chairman of the meeting, board members (save for Mr Loh Kok Leong), senior management and shareholders participated virtually in the AGM.</p> <p>During the AGM, shareholders were invited to ask questions pertaining to the resolutions being proposed before putting them to vote as well as matters relating to the Company’s operations in general and meaningful response were given to the questions raised.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company strives to leverage on the technology to facilitate the voting and the remote participation by the shareholders in its General Meetings.</p> <p>At the 2022 AGM held on 27 May 2022, the Company had conducted its first electronic and virtual AGM through live streaming and online remote participation vide RPV facilities by appointing Tricor Investor &amp; Issuing House Services Sdn Bhd ("<b>Tricor</b>") as Poll Administrator to conduct the polling process. This is in accordance with Section 327 of the Companies Act 2016 and Clause 52(2) of the Company's Constitution which allows for General Meetings to be held at more than (1) one venue using any technology or electronic means.</p> <p>Holding a fully virtual meeting post Covid-19 pandemic has greatly enhanced the online participation of shareholders. Shareholders were encouraged to raise questions, suggestions or comments vide typed-text before or during the AGM. During the 2022 AGM, all the questions raised by the shareholders were responded.</p> <p>The Administrative Guide which set out all the details on the online AGM was published on the Company's corporate website to facilitate the shareholders for registering themselves to participate in fully virtual AGM. The RPV facilities enable the shareholders to exercise their right as members of the Company to participate and vote in the 2022 AGM.</p> <p>In addition, submission of e-Proxy Form was available on the RPV facilities for shareholders who were unable to deposit the hardcopy of the proxy forms to appoint proxies. The shareholders/members would be allowed appoint a proxy to attend and vote on their behalf at the Company's General Meetings. The shareholders may deposit their proxy form at the Share Registrar's office or by electronic means through the TIIH Online website. The shareholders/members, corporate representatives and proxies will be allowed to vote in absentia whereby they have to log on with their usernames and passwords at Tricor's TIIH Online website and participate remotely via live</p>

	<p>streaming. A short video by Tricor will be played to demonstrate to the shareholders who are present at the meeting on the process for online voting via TIIH Online. The voting session will be announced accordingly.</p> <p>During the 2022 AGM, all the resolutions were put to vote by means of electronic poll voting using RPV facilities. An independent scrutineer was appointed to validate the poll results. Voting results of the AGM were announced by being displayed on the screen to shareholders/ proxies after all resolutions were verified by the scrutineer.</p> <p>Similarly, the Company will hold its 2023 AGM fully virtual by using RPV facilities. The virtual AGM is in compliance with the Companies Act 2016 and other legal requirements.</p> <p>Tricor Malaysia has implemented an IT policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices of the staff. Stress test and penetration testing have been performed on TIIH online to test its resiliency. To provide further assurance to the public Tricor Malaysia is ISO27001 certified. In addition to this, the TIIH Online is hosted in a secure cloud platform and the data centre is ISO27001 certified. The Company and Tricor will take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Chairman recognises the importance of general meetings as the primary platform for two-way communication between board, senior Management and shareholders for a meaningful interactions, effective communication and constructive feedback from the shareholders.</p> <p>The shareholders were allowed to submit their questions electronically and vote remotely at the AGM via RPV facilities provided by Tricor.</p> <p>During the 2022 AGM, the GCEO gave a brief overview on the Company's business and performance and overall growth and future strategy.</p> <p>Shareholders were given ample time to submit questions relating to resolutions tabled at the 2022 AGM or any questions relating to financial performance/prospect of the Company prior to or during the AGM. Real time submission of typed texts via RPV facilities provided by Tricor served as a primary channel of communication. A total of thirteen (13) questions were received and well attended by the GCEO during the 2022 AGM.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 13.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Tricor was engaged to provide the audio and visual support services to broadcast the proceedings of the 2022 AGM virtually. It was live streamed for access via TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</p> <p>The Company acknowledged the importance of having a meaningful engagement with the shareholders. Henceforth, the Board has engaged Tricor as the Poll Administrator as Tricor has vast experiences in conducting fully virtual meeting using RPV facilities. Tricor had verified the eligibility of shareholders/corporate representatives/proxies to attend the 2022 AGM based on the General Meeting Record of Depositors as at 23 May 2022 and upon the cut-off date and time for proxy form submission. This online platform was secured exclusively for the members with approved registration for the RPV at the 2022 AGM.</p> <p>Such meeting platform also allows meeting participants to join the AGM remotely by using different electronic devices such as smartphones, tablets or computers as well as viewing live webcast of the meeting.</p> <p>Tricor had also introduced an application called the Moderator Link, as part of its services to assist the user in tracking the questions posed by the shareholders during AGM. Questions posed by shareholders via TIIH Online website had been captured and transmitted to the Company for action and response, prior to and during the 2022 AGM. Similarly, Moderator Link had been used by the Company for the same question to be made visible to all meeting participants.</p>

	<p>With the use of Moderator LINK, the GCEO who has an in-depth knowledge and good understanding of the Company's business and operation, had managed the Q&amp;A session smoothly and efficiently. Each question had been displayed on the screen whenever the GCEO provided his responses to respective questions accordingly in an orderly manner.</p> <p>In order to ensure smooth broadcast of AGM, stress test and penetration testing also had been performed on TIIH Online to test its resiliency</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Minutes of the 2022 AGM was prepared and published on the Company's corporate website no later than 30 business days after the AGM held on 27 May 2022.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **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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