

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2852
COMPANY NAME : CAHYA MATA SARAWAK 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board of Cahya Mata Sarawak Berhad ("Cahya Mata") is responsible for the overall governance of the Group and is accountable to shareholders for the performance of Cahya Mata. The Board is committed to act in the best interests of the Company and its stakeholders by exercising due diligence and care in discharging its duties and responsibilities.</p> <p>The Board together with Management is committed to promote good corporate governance ("CG") culture within the Group which reinforces ethical and professional behaviour. The Board has in place relevant policies and procedures to promote a culture of integrity and ethics within the Group as a whole that are in line with the CG practices as guided by Main Market Listing Requirements and the Malaysian Code on Corporate Governance. The Board is also guided by its Board Charter to discharge its duties and responsibilities effectively.</p> <p>The Board has established and is supported by the following Board Committees which consist of a majority of Independent Non-Executive Directors to provide independent oversight on management and to ensure that there are appropriate checks and balances while discharging its oversight function:</p> <ol style="list-style-type: none">1. Group Audit Committee ("GAC")2. Nomination & Remuneration Committee ("NRC"),3. Group Risk Committee ("GRC")4. Employees' Share Option Scheme Committee ("ESOS")5. Digital Transformation Committee ("DTC") |

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| | <p>Each of the Board Committee operates within its respective terms of reference (“TOR”) that also outlines its respective functions and authorities. The TOR of the respective Board Committees is periodically reviewed by the Board Committees and approved by the Board to ensure that the TOR remains relevant and adequate. The Chairman of the respective Committees report to the Board the outcome of deliberations at each Committee meeting.</p> <p>The principal functions and responsibilities of the Board of Directors include the following:</p> <ol style="list-style-type: none"><li data-bbox="544 584 1423 952"><p>1. Oversee the development and implementation of the Group’s strategic plan and direction</p><p>The Board works closely with Senior Management to ensure that an appropriate strategic direction and corporate goals are in place. These include the development and approval of strategic plans, major investment and funding proposals, acquisitions and divestment proposals, annual corporate budgets and management plan including operating budgets, capital expenditure budgets and cash flow budgets which are regularly reviewed.</p><li data-bbox="544 981 1423 1585"><p>2. Internal control and risk management</p><p>The Board recognises the importance and its responsibility for sound risk management practices and internal control, and is committed to reviewing the adequacy and integrity of these systems. In this regard, the Board has a governance structure to ensure effective oversight of risks and controls in the Group. It is assisted by the GRC and GAC to oversee all matters with regards to risks, controls and governance. The GRC is established as a committee of the Board with the primary responsibility of supporting and assisting the Board on matters related to overseeing the Group’s risk management framework. This includes the establishment of policies within the Group and determination of the Group’s overall risk appetite and level of risk tolerance, whereas the GAC is entrusted to review the efficacy of internal controls. The Board also acknowledges the responsibility for the design of a risk-based system to prevent and detect fraud.</p><li data-bbox="544 1615 1423 1839"><p>3. Succession planning</p><p>The Board, with recommendation of the NRC, is responsible to provide for orderly succession of the Board and Senior Management and ensures that C-Suites and Senior Management has the necessary skills and experience to carry out their duties.</p> |
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| | <p>4. Effective communication with stakeholders</p> <p>The Board subscribes to high standards of transparency and accountability in the disclosure of information to its shareholders as well as to potential investors and the public. The Company uses various channels for effective communication with the shareholders and other stakeholders including releasing timely announcements and disclosures to Bursa Malaysia Securities Berhad, encouraging effective participation at general meetings and updating information available at the Company's website at www.cahyamata.com.</p> <p>5. Embedding sustainability and corporate responsibility practices as part of Group strategy</p> <p>The Board is committed in its sustainability and corporate responsibility efforts across the Group to create value for its stakeholders via the Group's Sustainability Roadmap 2021 - 2023. The Board intends to channel this from the top down with greater disclosures on the efforts that are being planned for implementation across the Divisions.</p> |
| <p>Explanation for departure</p> | <p>:</p> |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| <p>Measure</p> | <p>:</p> |
| <p>Timeframe</p> | <p>:</p> |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Chairman of the Board, General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired) ("the Chairman"), leads the Board and plays a key role in instilling good corporate governance practices in the Company.</p> <p>The roles and responsibilities of the Chairman of the Board are specified in item 4.3 of the Board Charter which is available on the Company's website at www.cahyamata.com.</p> <p>The Chairman also plays a main role in ensuring effective conduct of the Board through the execution of the following:</p> <ul style="list-style-type: none"> ▪ Guide and mediate the Board's actions with respect to organisational priorities and good governance ▪ Ensure the Board conducts itself in accordance with the Board Charter ▪ Ensure the Board meetings are conducted effectively with all relevant matters tabled in the agenda and that all Directors receive timely information and are properly briefed ▪ Ensure the general meetings are conducted effectively with all relevant matters tabled in the agenda and that all Shareholders receive timely information and are given the opportunities to ask questions at the meetings ▪ Ensure the Board is updated on material matters relating to the Group by the C-Suites and Senior Management ▪ Act as the major point of contact between the Board and Group MD ▪ Review progress regularly on important initiatives and significant issues facing the Group together with the C-Suites and Senior Management |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |

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| Timeframe | : | | |
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Intended Outcome

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

Practice 1.3

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The separation of functions of the Board Chairman and Group MD is specified in item 4.6 of the Board Charter which is available on the Company's website at www.cahyamata.com.</p> <p>The separation of function of these roles ensures that there is a clear and proper division of power and authority. The Board Charter provides that the Chairman should be held by a Non-Executive Director.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 1.4

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

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| <i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : As at 31 December 2022, the Company is in compliance with Practice 1.4 of the MCCG whereby the Chairman of the Board is not a member of the Audit Committee or the Nomination and Remuneration Committee ("NRC") of Cahya Mata. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

Practice 1.5

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board is supported by a competent Company Secretary. The Company Secretary is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is a person qualified under Section 235(2) of the Companies Act 2016.</p> <p>She is external Company Secretary with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel. The Company Secretary play an important advisory role to the Board, on administrative, regulatory requirements and governance matters. The Company Secretary is also responsible to ensure accurate and proper recording of proceedings and resolutions at the Board, Board Committees meetings and general meetings.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.6

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board will receive the notice of agenda together with the meeting materials (including the minutes of the previous meeting) to ensure the directors have sufficient time to review and seek further clarification and/or information, where necessary, to enable them to duly discharge their duties and ensure that deliberations at the meeting are constructive and focused. Occasionally, the Board or Board Committee meetings may be called at shorter notice when critical decisions are required to be made.</p> <p>All key deliberations and decisions at Board and Board Committee meetings are recorded in the respective minutes of meetings. Every Director or Board Committee member has the opportunity to review and make corrections to the minutes. Status of matters arising from the previous meetings are presented at the next meetings for update/discussion until completion.</p> <p>The final minutes of Board and Board Committees meetings are tabled for confirmation at the next meetings. Minutes of Board Committee meetings are presented at Board meetings for notation.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is 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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Board Charter is available on the Company's website at www.cahyamata.com.</p> <p>The Board conducts regular review of the Board Charter to keep it up to date and consistent with the Board's objectives taking into consideration the needs of the Cahya Mata Group as well as any development in rules and regulations that may impact on the Board's duties and responsibilities.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

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| Application | : Applied |
| Explanation on application of the practice | <p><u>Code of Ethics</u></p> <p>In discharging its responsibilities, the Board observes the principles of ethical conduct as contained in the Cahya Mata Code of Ethics for Directors. The Directors' Code of Ethics details the ethical standards of behaviour and conduct expected from all Directors of the Group. All Directors have given their commitment to comply with the Directors' Code of Ethics through a signed declaration. The Directors' Code of Ethics are made available to the Directors and are also published on the Company's website at www.cahyamata.com.</p> <p><u>Code of Conduct</u></p> <p>The Company has an established Code of Conduct which is also published on the Company's website at www.cahyamata.com.</p> <p><u>Disclosure of Interests</u></p> <p>The Directors additionally have a duty to make an immediate declaration to the Board if they have interests in direct or indirect transactions within the Group. The interested Directors would serve notice to the Board and thereupon abstain from deliberation and decisions of the Board on the transactions in question. Where Directors are interested in a corporate proposal undertaken by the Company requiring the approval of the shareholders, the interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, on the resolutions pertaining to the corporate proposal. They will further undertake to ensure that persons connected to them also abstain from voting on the resolutions. Further, employees are required to disclose in writing any conflict of interests between their duties and personal interests.</p> |

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| | <p><u>Malaysian Anti-Corruption Commission Act 2009 & Malaysian Anti-Corruption Commission (Amendment) Act 2018</u></p> <p>As guided by the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Board on 26 November 2019, with assistance of an external consultant, has put in place the system with relevant policies and procedures to manage bribery and corruption risks of the Group ("Anti-Corruption System"). In alignment with the Anti-Corruption System implementation plan, the Board has approved a suite of policies dedicated to anti bribery and anti-corruption initiatives.</p> <p>Following this, vendors were invited to attend an engagement session to create awareness on anti-bribery and anti-corruption.</p> <p>Relevant briefing and training sessions were also conducted by the Group Legal Services Department for employees to enhance their awareness of the statutory requirements of anti-bribery and anti-corruption and the Anti-Corruption System.</p> | |
| <p>Explanation for departure</p> | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| <p>Measure</p> | | |
| <p>Timeframe</p> | | |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has established a Whistle-Blowing Policy which is periodically reviewed and published on the Company's website at www.cahyamata.com.</p> <p>The Whistle-Blowing Policy provides a channel where employees or any external party may, in confidence and in good faith, report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines as well as to raise concerns related to possible improprieties. Allegations of improprieties which are reported via whistleblowing channels such as a dedicated hotline and email account are appropriately followed up and the outcome(s) will be reported to the Board.</p> <p>The Board is responsible for overseeing the implementation of the Whistle-Blowing Policy. Contact details on the Company website were also published to enable full access to external parties to lodge potential cases in full confidence and discretion.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 4.1

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

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

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Group’s sustainability programme, including the sustainability governance, strategies, priorities and targets are overseen by the Group Chief Operating Officer. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.2

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Group’s sustainability strategies, priorities and targets are implemented by the Group Chief Operating Officer and Divisional Heads. These will then be cascaded down to employees who are directly involved with sustainability within operations. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.3

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | The Board is informed of the sustainability matters and issues (if any) during the divisional quarterly business update as well as the Group Chief Operating Officer's sustainability update to the Board. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 4.4

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.

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | There is currently no performance evaluation on sustainability risks and opportunities. Performance evaluation matrices will be identified following the firming up of the Group's sustainability programme. | |
| | | There are no alternative practices in place to measure the board and senior management's performance on sustainability risks and opportunities. However, the Group targets to roll-out this practice across the board starting from the 2023/2024 period. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

Intended Outcome

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

Practice 4.5- Step Up

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

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

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| Application | : | Adopted |
| Explanation on adoption of the practice | : | The Group Chief Operating Officer is designated to oversee the Group's sustainability programme. |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The evaluation of the Board and Board Committees is specified in item 8 of the Board Charter which is available on the Company's website at www.cahyamata.com.</p> <p>The NRC carries out the Board Effectiveness Evaluation ("BEE") exercise annually. The scope of the BEE 2022 included facilitating the conduct of assessment and analysis thereof on Cahya Mata's Board, Board Committees and individual Directors.</p> <p>The criteria/areas for assessment are set out in the NRC Report of the Annual Report 2022. The BEE 2022 results and all related comments by Directors were summarised and discussed at the Special Board meeting held on 4 April 2023. Based on the findings, the Board and Board Committees had been effective in their overall discharge of functions and duties.</p> <p>The results of the BEE 2022 assessments form the basis of the NRC's recommendations to the Board for the re-election of Directors at the forthcoming AGM in 2023.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.2

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

| Application | : | Applied | | | | | | | | | | | | | | | | | |
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| Explanation on application of the practice | : | As at 31 December 2022 the Board had eight (8) members, comprising one (1) executive and seven (7) non-executive directors of which four (4) are independent. The status of the Board composition is as follows: | | | | | | | | | | | | | | | | | |
| | | <table border="1"><thead><tr><th>Designation</th><th>No of directors</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>Executive Director</td><td>1</td><td>12.50</td></tr><tr><td>Non-Independent Non-Executive Directors</td><td>3</td><td>37.50</td></tr><tr><td>Independent Directors</td><td>4</td><td>50.00</td></tr><tr><td>Total</td><td>8</td><td>100.00</td></tr></tbody></table> | Designation | No of directors | Percentage (%) | Executive Director | 1 | 12.50 | Non-Independent Non-Executive Directors | 3 | 37.50 | Independent Directors | 4 | 50.00 | Total | 8 | 100.00 | | |
| Designation | No of directors | Percentage (%) | | | | | | | | | | | | | | | | | |
| Executive Director | 1 | 12.50 | | | | | | | | | | | | | | | | | |
| Non-Independent Non-Executive Directors | 3 | 37.50 | | | | | | | | | | | | | | | | | |
| Independent Directors | 4 | 50.00 | | | | | | | | | | | | | | | | | |
| Total | 8 | 100.00 | | | | | | | | | | | | | | | | | |
| Explanation for departure | : | | | | | | | | | | | | | | | | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | | | | | | | | | | | | | | | | | |
| Measure | : | | | | | | | | | | | | | | | | | | |
| Timeframe | : | | | | | | | | | | | | | | | | | | |

Intended Outcome

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

Practice 5.3

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | The Company has a policy which limits the tenure of Independent Directors to cumulative terms of no more than nine (9) years. This policy is detailed in the Board Charter which is available on the Company's website at www.cahyamata.com . |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.4 - Step Up

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

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| <i>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.</i> | |
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

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

Practice 5.5

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The NRC oversees the selection and assessment of Directors to ensure the Board's composition remains relevant and effective. Each year, at the annual Board Effectiveness Evaluation ("BEE") exercise, and where necessary, the NRC reviews the composition and structure of the Board and Board Committees taking into consideration its size, core competencies and skills to ensure appropriate balance and the Board and Board Committees' composition has the requisite competencies to effectively discharge their functions and responsibilities. The Board aims to ensure a diverse Board and therefore the NRC takes into account diversity in terms of gender, race/ethnicity and age aside from the candidates' skills, knowledge, experience, background and expertise in its assessment and evaluation.</p> <p>All potential nominees and/or candidates for appointment on the Board are first considered by the NRC taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director. The NRC will then endorse the nominees and candidates for approval by the Board.</p> <p>On C-Suites and senior management appointment, candidates are considered by the NRC who considers their skills set, competencies, experience, integrity and other qualities prior to recommendation for approval by the Board or approved by NRC depends on the job grade. The Company also conducts a comprehensive pre-employment background check which encompasses security, MACC, CCRIS, insolvency, industrial court, academic , employment and reference checks to ensure the credibility of the potential candidates.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

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| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.6

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

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

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|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | The NRC assists the Board in assessing and recommending the preferred mix of skills, knowledge, experience, calibre, qualities and other attributes for candidacy on the Board. There was no new director appointed in 2022. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.7

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | The performance of retiring Directors recommended for re-election at the 48 th AGM have been assessed through the Board Effectiveness Evaluation (including the independence of Independent Non-Executive Director). A statement by the Board and NRC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the AGM was stated in the notes accompanying the Notice of AGM. The profile of the Directors who were due for retirement and offered themselves for re-election, which included the nature of interest with the Company, whichever applicable, were set out in the Annual Report 2022 of the Company. |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 5.8

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The NRC is chaired by Dato' Maznah binti Abdul Jalil, Independent Director of the Company. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

| | | | |
|--|---|--|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Currently the Board comprises two (2) woman Directors. | |
| | | The NRC/Board will continue to refresh its Board of Directors in a systematic manner to ensure there is continuity and balance in the composition. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

Intended Outcome

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

Practice 5.10

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

| | | |
|--|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>The Company has not adopted a formal gender diversity policy. The Board acknowledges the importance of boardroom diversity, including gender, age and ethnicity diversity, to the effective functioning of the Board and the recommended practice pertaining to the establishment of a gender diversity policy. Despite no specific targets being set in relation to boardroom diversity, the Board is committed to improving boardroom diversity in terms of gender, regional and industry experience, cultural and geographical background, ethnicity and age perspective.</p> <p>Currently the Board comprises two (2) women Directors. The NRC/ Board will continue to refresh its Board of Directors in a systematic manner to ensure there is continuity and balance in the composition.</p> <p>As for Senior Management, 1 (16.67%) out of 6 key senior management positions in the organisation are held by women as at 31 December 2022.</p> <p>The Board will consider the appointment of additional female Director(s) as and when there are right candidates available.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : | Choose an item. |

Intended Outcome

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

Practice 6.1

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

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

| | |
|--|---|
| <i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : <p>The evaluation of the Board and Board Committees is specified in item 8 of the Board Charter which is available on the Company's website at www.cahyamata.com.</p> <p>The NRC carries out the BEE exercise annually. An external consultant is engaged once every three (3) years to assist the NRC to facilitate an objective and candid board evaluation.</p> <p>The criteria/areas for assessment are set out in the NRC Report of the Annual Report 2022. The BEE 2022 results and all related comments by Directors were summarised and discussed at the Special Board meeting held on 4 April 2023. Based on the findings, the Board and Board Committees had been effective in their overall discharge of functions and duties.</p> <p>The results of the BEE 2022 assessments form the basis of the NRC's recommendations to the Board for the re-election of Directors at the forthcoming AGM in 2023.</p> |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

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

Practice 7.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has adopted a Remuneration Policy for the remuneration of Directors in 2021 which was carried out by KPMG Management & Risk Consulting Sdn Bhd. The Remuneration Policy of Director is available on the Company's website.</p> <p>The NRC is also entrusted with the role of determining and recommending suitable policies in respect of salary packages for the Group MD and Senior Management. The current salary packages comprise a combination of basic salary and a variable performance incentive based on level of responsibilities and overall contributions to the Company's long-term objectives.</p> <p>A review on pay policy including salary structure and benefits programs will be carried out in 2023 to ensure market competitiveness. A short term and long term variable pay plans that link to business KPIs are also proposed for 2023.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 7.2

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

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | The Board has a Nomination and Remuneration Committee. The Terms of Reference of the Nomination and Remuneration Committee is available on the Company's website at www.cahyamata.com . |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 8.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | The Company has disclosed in detail the remuneration paid to its Directors for the Financial Year 2022 in the Audited Financial Statements of the Company for the financial year ended 31 December 2022 which is available on the Company's website at www.cahyamata.com . |

| No | Name | Directorate | Company ('000) | | | | | | | Group ('000) | | | | | | |
|----|--|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|
| | | | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total | Fee | Allowance | Salary | Bonus | Benefits-in-kind | Other emoluments | Total |
| 1 | General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired) | Independent Director | 150 | 600 | 0 | 0 | 35 | 78 | 863 | 150 | 600 | 0 | 0 | 35 | 78 | 863 |
| 2 | Dato Sri Mahmud Abu Bekir Taib | Non-Executive Non-Independent Director | 150 | 480 | 0 | 0 | 23 | 178 | 831 | 150 | 480 | 0 | 0 | 23 | 198 | 851 |
| 3 | Dato Sri Sulaiman Abdul Rahman b Abdul Taib | Executive Director | 0 | 0 | 1,200 | 0 | 31 | 145 | 1,376 | 0 | 0 | 1,200 | 0 | 31 | 145 | 1,376 |
| 4 | Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain | Non-Executive Non-Independent Director | 120 | 0 | 0 | 0 | 0 | 30 | 150 | 120 | 0 | 0 | 0 | 0 | 30 | 150 |
| 5 | Datuk Ir. Kamarudin bin Zakaria | Independent Director | 50 | 0 | 0 | 0 | 0 | 62 | 112 | 79 | 0 | 0 | 0 | 0 | 72 | 151 |
| 6 | Dr Khor Jaw Huei | Independent Director | 120 | 0 | 0 | 0 | 0 | 147 | 267 | 161 | 0 | 0 | 0 | 0 | 182 | 343 |
| 7 | Dato' Maznah binti Abdul Jalil | Independent Director | 120 | 0 | 0 | 0 | 0 | 132 | 252 | 120 | 0 | 0 | 0 | 0 | 132 | 252 |
| 8 | Umang Nangku Jabu | Non-Executive Non-Independent Director | 120 | 0 | 0 | 0 | 0 | 115 | 235 | 150 | 0 | 0 | 0 | 0 | 137 | 287 |
| 9 | Jeyabalan A/L S.K. Parasingam | Independent Director | 120 | 0 | 0 | 0 | 0 | 118 | 238 | 120 | 0 | 0 | 0 | 0 | 118 | 238 |
| 10 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 11 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 12 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

| | | | | | | | | | | | | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 13 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | 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

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

Practice 8.2

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

| Application | : | Departure | | | | | | | | | |
|--|---------------------------------|--|--|--|---------------------------------|------------------------------|---|------------------------------|---|------------------------------|---|
| Explanation on application of the practice | : | | | | | | | | | | |
| Explanation for departure | : | The Board agreed to continue with the disclosure practice whereby the remuneration of top five (5) Senior Management for the year 2022 shall be made in successive bands of RM 50,000 (including the components of salary, bonus, benefits in-kind and other emoluments). The analysis is as follows: <table border="1" data-bbox="558 1086 1412 1272"><thead><tr><th>Total Remuneration in Bands of RM 50,000</th><th>Number of Key Senior Management</th></tr></thead><tbody><tr><td>RM 1,400,001 to RM 1,450,000</td><td>2</td></tr><tr><td>RM 1,300,001 to RM 1,350,000</td><td>2</td></tr><tr><td>RM 1,250,001 to RM 1,300,000</td><td>1</td></tr></tbody></table> The Board will continue to review the implications of such disclosure of senior management's remuneration and consider such disclosures in future. | | Total Remuneration in Bands of RM 50,000 | Number of Key Senior Management | RM 1,400,001 to RM 1,450,000 | 2 | RM 1,300,001 to RM 1,350,000 | 2 | RM 1,250,001 to RM 1,300,000 | 1 |
| Total Remuneration in Bands of RM 50,000 | Number of Key Senior Management | | | | | | | | | | |
| RM 1,400,001 to RM 1,450,000 | 2 | | | | | | | | | | |
| RM 1,300,001 to RM 1,350,000 | 2 | | | | | | | | | | |
| RM 1,250,001 to RM 1,300,000 | 1 | | | | | | | | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | | | | | | | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | | | | | | | | | |
| Timeframe | : | Choose an item. | | | | | | | | | |

| No | Name | Position | Company | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 2 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 3 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 4 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |
| 5 | Input info here | Input info here | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. | Choose an item. |

Intended Outcome

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

Practice 8.3 - Step Up

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

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

| No | Name | Position | Company ('000) | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|
| | | | Salary | Allowance | Bonus | Benefits | Other emoluments | Total |
| 1 | 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.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Independent Non-Executive Director, Mr Jeyabalan A/L S.K. Parasingam serves as Chairman of the GAC since 28 June 2021. Mr Jeyabalan is not the Chairman of the Board. | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The requirement that a former key audit partner is subject to observe a cooling-off period of at least three (3) years before he or she could be appointed as a member of the GAC is included in the GAC TOR.</p> <p>The GAC TOR is available on the Company's website at www.cahyamata.com.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The GAC TOR requires the GAC to conduct an annual assessment of the external auditor's performance, independence and objectivity before recommending to the Board for appointment/re-appointment. This includes assessing their quality processes, audit team competency, audit scope and planning, fees including limit of non-audit fee size, and quality of communications including holding meetings with the external auditors without the presence of management.</p> <p>For the financial year ended 31 December 2022, the GAC assessed the objectivity, independence and service quality of the external auditors, Ernst & Young PLT ("EY") in March 2023 and was satisfied that EY was sufficiently resourced and had demonstrated their objectivity, independence and proficiency in carrying out the audit according to the audit scope and plan. The assessment was carried out by the GAC members individually and collectively and was facilitated by the internal audit department with relevant input from Cahya Mata Group Finance Department and the external auditors, where necessary. The assessment was carried out according to a structured questionnaire based on the Corporate Governance Guide – 4th Edition 2021 (Bursa Malaysia) that covered areas such as the calibre of the audit firm, quality processes, audit team competency, independence and objectivity, audit planning and scoping, audit fees and communication.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | |
|--|-------------|
| Application : | Not Adopted |
| Explanation on adoption of the practice : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | Details of trainings attended by the Audit Committee members are found under the Directors Training section in the Annual Report 2022. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

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

Practice 10.1

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board recognises the importance and its responsibility for sound risk management practices and internal control, and is committed to reviewing the adequacy and integrity of these systems. In this regard, the Board has a governance structure to ensure effective oversight of risks and controls in the Group. It is assisted by the Group Risk Committee ("GRC") and Group Audit Committee ("GAC") to oversee all matters with regards to risks, controls and governance. The GRC is established as a committee of the Board with the primarily responsibility of supporting and assisting the Board on matters related to overseeing the Group's risk management framework. This includes the establishment of policies within the Group and determination of the Group's overall risk appetite and level of risk tolerance, whereas the GAC is entrusted to review the efficacy of internal controls. The Board also acknowledges the responsibility for the design of a risk-based system to prevent and detect fraud. In discharging its stewardship responsibilities, the Board has established an enterprise-wide risk management and internal control framework - Risk Management Framework (the "Framework") based on the COSO and ISO 31000 standards. The Framework integrates risk management in the structure and processes of the Group and provides an ongoing procedures for identifying, evaluating and managing material risks faced by the Group that may affect the achievement of its business objectives and strategies. It is expected to embed a risk-based culture in the Group in the longer term. The Board also recognises that the risk management is a continuing process designed to manage and identify principal risks that applies to the Group with the adequate processes to address and mitigate these risks to the acceptable risk tolerance limit levels. Therefore, with the system of risk management and internal controls in place, the Board has reasonable assurances against the occurrence of material misstatement or loss for the Group.</p> <p>The Group had established a management level Group Risk Management Committee ("GRMC") as well as a risk management department and appointed a Chief Risk Officer ("CRO") to enhance the risk governance and oversight.</p> |
| Explanation for departure | : | |

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

Intended Outcome

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

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

Practice 10.2

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

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Group's risk management objective is to create a consistent consideration between risks and opportunities in order to achieve the Group's business and corporate objectives. The key risk management framework adopted by the Group is summarised below:</p> <ul style="list-style-type: none">▪ Enterprise Risk Management ("ERM") The Group's ERM framework aims to identify, evaluate and manage the corporate and business risks that may impede the achievement of the strategic and corporate objectives of Cahya Mata. This process also enables the board and management to focus on ways to manage and optimize the risks of highest importance and concern to the company and its stakeholders.▪ Project Risk Management ("PRM") The PRM framework aims to identify, analyze and respond to risks during the project life cycle to achieve the project's objectives. Additionally, PRM also enables the identification and mitigation of risks that would impact the scope, cost, time and quality of a project. As a prerequisite, the project risk management process will be initiated from the inception of a project to its handover.▪ Operational Risk Management ("ORM") The ORM framework aims to address the process level risks at the business division and support functional level of the company via a "bottom-up process" whereby risk assessments are decentralized and conducted by the respective business divisions and operational/ functional departments employing the risk control self-assessment approach. The process requires the business divisions and operational/ functional departments to assess their respective process level risks and as well as risks that affect the achievement of departmental objectives and strategies. |

The Group has established a comprehensive risk management framework that will enable the identification, evaluation and management of significant risks that may hinder the achievement of the Group's business and corporate objectives.

The key aspects of the Risk Management process are:

- The adoption of risk assessment methodologies to identify strategic, operational and project risks and evaluate the mitigation measures or controls;
- Business divisions, service and support departments are on a quarterly basis required to review their risk profiles and the status of the action plans;
- On a quarterly basis, re-assessment of the risks and controls are conducted to update the risk profiles;
- The CRO Centre Management and the Heads of Business Divisions will meet on a quarterly basis to review the corporate and divisional risks, comprising the strategic, operational and project risks;
- On a quarterly basis, Business Divisions are required to present to the GRMC their risk management reports, detailing the status of risk reviews, the divisional risks and the status of action plans. A similar report for the service and support departments as well as Cahya Mata corporate risk report will be presented as well; and
- Following the review by GRMC, on a quarterly basis, the CRO and the Heads of Business Divisions will present and apprise the GRC, the significant corporate and business division risks respectively.

The key elements of the Group's internal control system are described below:

- Clearly defined delegation of responsibilities to Committees of the Board and management, including authorisation levels for all aspects of the businesses. Such delegation is subject to periodic review throughout the year as to their implementation and suitability;
- Clearly documented internal procedures set out in the Group Financial Policies and Procedures Manual;
- Where parts of the Group's operations have received ISO certification for their products and/or work processes, these operating units are committed to maintaining their certification by ensuring strict compliance with their respective ISO requirements which include periodic reviews from the ISO;
- A detailed strategic planning and budgeting process where operating units prepare business plans and detailed capital and operating budgets for the coming year. These plans are subject to robust challenges by the management before they are put forward for approval by the Board;
- Monitoring of monthly results against budget through the monthly operations review meetings with subsidiaries with major variances being followed up on and management actions taken, where necessary;

| | |
|--|--|
| | <ul style="list-style-type: none"> ▪ All major business commitments or investments will be subject to review in accordance with the procedures set out in the Group Limits of Authority Manual so as to ensure that all such investments meet the risk appetite and investment criteria determined by the Board and that Division's budget; ▪ A detailed Group Procurement Policies and Procedures Manual to regulate procurement of goods and services in the Group. This includes the centralisation of competitive sourcing and evaluation of major purchases to leverage on the Group's buying power and the establishment of a Central Tender Committee which has the responsibility for reviewing and endorsing all high value purchases in the Group; ▪ A detailed Group Human Resource ("HR") Policies and Procedures Manual to regulate all aspects of employee engagement from conduct and discipline to benefits and entitlements. It provides a common and clear understanding of consistent HR practices, policies and procedures across the Group to effectively support the Group's operations; ▪ A performance management system has been implemented wherein individual performance of key executives will be monitored against agreed targets (Key Performance Indicators) to strengthen accountability control and to instil a stronger performance culture; ▪ An emphasis on the quality and ability of employees with continuing education, training and development being actively encouraged through a wide variety of programmes; ▪ An independent Audit Committee comprising non-executive members of the Board, the majority being independent directors who collectively oversee the financial reporting, internal controls, risk management and governance processes to provide assurance to the Board; ▪ Regular internal audit activities to assess the adequacy of internal controls, the integrity of financial information provided and the extent of compliance with established procedures; and ▪ The vetting of all significant contracts and legally enforceable agreements by the Group Legal Department. <p>Details of the key elements of the Group's risk management and internal control system and the adequacy and effectiveness of the framework can be found in the Statement on Risk Management and Internal Control in the Annual Report 2022.</p> |
| Explanation for departure | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | |

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| Timeframe | : | | |
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Intended Outcome

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

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

Practice 10.3 - 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.

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| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The GRC was established by the Board in 2009 and is guided by the GRC's Terms Of Reference ("TOR"). The TOR is reviewed in line with changes to the direction and/or strategies of the company to ensure effectiveness of the Committee's oversight role on the company's risk management framework, processes and systems.</p> <p>In Q4 2022, the GRC comprised three (3) members, namely two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p> <p>The GRC TOR is available on the Company's website at www.cahyamata.com.</p> |

Intended Outcome

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

Practice 11.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The internal audit function ("IAF") reports functionally to the GAC and administratively to the Group MD. The IAF has full access to the GAC to discuss its functional matters and meets with the GAC on a quarterly basis or at any other time as necessary. The Group Internal Auditor also met with the GAC once during the year in the February GAC meeting without the presence of management. This ensures the IAF is able to function independently and objectively without the undue influence of management.</p> <p>The IAF carries out its function in accordance with a recognised framework as established by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing ("ISPPA"). This has been affirmed by an external Quality Assurance Review carried out by the Institute of Internal Auditors Malaysia in February 2022 as part of an external Quality Assessment and Improvement Program ("QAIP"). In addition, the IAF carries out its own internal QAIP which is aimed at improving its internal audit quality processes and is reported to the GAC annually.</p> <p>The conduct of the IAF is governed by its Group Internal Audit Charter which is established consistent with the requirements of the ISPPA, endorsed by the GAC and approved by the Board. The Charter is reviewed periodically to ensure it remains up-to-date with relevant legislation and standards. Staff members of the IAF are also required to annually confirm their adherence to the IIA's Code of Ethics and Confirmation of Independence which is tabled to the GAC.</p> <p>The performance evaluation of the Group Internal Auditor and staff members are tabled to the GAC annually where the GAC assesses the adequacy of resources and competency of the audit staff and ensures adequate training is provided to maintain an effective IAF. In addition, the GAC also has the power to decide on the appointment or removal of the Group Internal Auditor.</p> <p>The annual audit plan is prepared by the IAF and is based on a risk analysis of all operations of the Group and includes resource planning for the IAF, and training budget and topics. The annual audit plan is subsequently tabled to and approved by the GAC in November each year. Any deviation from or amendment to the audit plan will be referred back to the GAC and progress monitoring is tabled at the quarterly GAC meetings.</p> |

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

Intended Outcome

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

Practice 11.2

The board should disclose—

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

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|---|---|---|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>All staff of the Internal Audit Function (“IAF”) comply to the IIA’s Code of Ethics and are required to sign an annual confirmation to that effect. The Code of Ethics require all internal auditors to exercise and display qualities of integrity, independence, objectivity, confidentiality and competency in carrying out their duties. In addition, the IAF also confirms annually its organisational independence to the GAC and this is supported by individual members of the IAF signing their confirmation of organisational independence.</p> <p>The IAF is currently staffed by a total of five (5) internal auditors. Out of the five (5), one (1) is Certified Internal Auditor (“CIA”), one (1) is a Certified Information System Auditor (“CISA”), one (1) is in the process of obtaining his CIA qualification while the rest are strongly encouraged to do likewise.</p> <p>The IAF carries out its function in accordance with a recognised framework as established by the IIA’s International Standards for the Professional Practice of Internal Auditing (“ISPPIA”). This has been affirmed by an external Quality Assurance Review carried out by the Institute of Internal Auditors Malaysia in February 2022 as part of an external Quality Assessment and Improvement Program (“QAIP”).</p> <p>Currently, the Head of IAF position is vacant. The Group is in the midst of identifying and assessing suitable candidates for the position of Head of IAF.</p> <p>Meanwhile, the GAC is providing support to the IAF in conducting its internal activities while waiting for the Head of IAF.</p> |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |

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| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board has in place an investor relations ("IR") strategy to ensure an effective communication channel between the Company, its shareholders and the general public.</p> <p>The IR unit is headed by Group MD and facilitates communication between the Company and the Investment Community.</p> <p>The Chief Strategic Communications Officer, Acting Group Chief Financial Officer and Senior Management of the Company actively engage with the Investment Community and the Board is briefed on these interactions and feedback from the Investment Community. The IR unit has an extensive programme that involves the holding of regular meetings, conference calls and site visits, all intended to keep the Investment Community abreast of the Company's strategic development and financial performance. In addition, the IR Unit participates in investment road shows and conferences upon invitation to engage with shareholders and potential investors both locally and overseas.</p> <p>The timely release of financial results on a quarterly basis provides the Investment Community with an up-to-date view of the Group's performance and operations. The release of the quarterly financial results to Bursa Securities is accompanied by a press release and shortly afterwards the Chief Strategic Communications Officer, Acting Group Chief Financial Officer and Senior Management hosts face to face or virtual briefings with and take calls from the Institutional Investment Community to address any questions or concerns they may have following the release of the quarterly financial results.</p> <p>To facilitate the stakeholders' understanding of the Company with respect to the business of the company and its policies on governance, the Company has placed various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information on its website.</p> |

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| | Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and need not wait for the AGM for such an opportunity. The contact information is available on the Company's website at www.cahyamata.com . | |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 12.2

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

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| Application | : | Not applicable – Not a Large Company | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.1

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

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| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Company has already applied this practice.</p> <p>The Notice of the 47th AGM of the Company was issued on 27 April 2022 to the Shareholders more than 28 days prior to the AGM.</p> <p>The forthcoming 48th AGM of the Company which will be held on 26 May 2023 will be issued to the Shareholders more than 28 days prior to the AGM.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 13.2

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>All Directors attended the 47th AGM held on 27 May 2022. Amongst them, three (3) Directors were the Chairmen of the GAC, NRC and GRC. There was a Questions & Answers session during which the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote.</p> <p>The Directors, Group MD, Acting Group Chief Financial Officer, Senior Management and external auditors were in attendance to respond to the shareholders' queries. At the meeting the Group MD also read out the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watch Group ("MSWG"). The minutes of the 47th AGM, Group MD's presentation and responses to questions by MSWG are available on the Company's website at www.cahyamata.com.</p> <p>At the Company's Extraordinary General Meeting held on 26 August 2022, the Directors, Group MD, Acting Group Chief Financial Officer, Senior Management and Independent Advisors were in attendance to respond to the shareholders' queries.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

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| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | General Meetings of the Company for year 2022 were held physically without remote participation. The venue for the General Meetings are easily accessible and where most shareholders will be able to attend. | |
| | | Shareholders who are unable to attend are allowed to appoint proxies to attend, speak and vote on their behalf. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : | Choose an item. | |

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.

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| <i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i> | |
| Application | : Applied |
| Explanation on application of the practice | : The Board recognises the importance of general meetings in supporting a meaningful engagement between the board, senior management and shareholders. At the AGM of the Company, shareholders are given the opportunity to communicate their views and pose questions to the Directors and Management regarding the performance and matters affecting the Company. The Company's external auditors, Messrs Ernst & Young PLT were in attendance to respond to the shareholders' queries. |
| Explanation for departure | : |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : |
| Timeframe | : |

Intended Outcome

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

Practice 13.5

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

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| <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. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i> | |
| Application : | Not applicable – only physical general meetings were conducted in the financial year |
| Explanation on application of the practice : | |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

Intended Outcome

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

Practice 13.6

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

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| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | |
| Application | : Departure |
| Explanation on application of the practice | : |
| Explanation for departure | : The Company recognises the need to publish as soon as practicable, a complete and comprehensive recording (in the form of meeting minutes) of the general meeting detailing proceedings and issues or concerns raised by Shareholders, and the responses by the Company, as to many Shareholders, the general meeting is the only opportunity to directly pose questions and comments to the Company's Board of Directors and Management. The presentation and issues raised were uploaded which is within 30 business days after the AGM. Currently, the minutes were uploaded to the Company's website upon confirmation. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure | : Please explain the measure(s) the company has taken or intend to take to adopt the practice. |
| Timeframe | : Choose an item. |

**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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