

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7174  
**COMPANY NAME** : CAB CAKARAN CORPORATION BERHAD  
**FINANCIAL YEAR** : September 30, 2020

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

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

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of CAB Cakaran Corporation Berhad ("the Company") is governed by the Board Charter which guides, regulates and delineates clearly relevant matters reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the Group Managing Director and the Management. The Board has five (5) Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee, Risk Management and Sustainability Committee and Halal Committee to assist the Board. Each committee is governed by their respective Terms of Reference ("TOR") and the TORs are made available for reference at the Company's website at <a href="http://www.cab.com.my">www.cab.com.my</a>.</p> <p>The Board Charter and the TOR of the respective Board Committees are periodically reviewed by the Board Committee and approved by the Board to ensure that the TOR remains relevant and adequate in governing the responsibilities of the Committees and reflects the latest developments in the Main Market Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance.</p> <p>The Chairman of the respective Board Committees will report to the Board the outcome of the Committees meetings for the Board's consideration and approvals as well as matters which require the Board's deliberation. The Board retains full responsibility for the direction and control of the Group.</p> <p>The Board assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, fiduciary and leadership functions:</p> <p>(a) Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;</p>

- (b) Overseeing the conduct of the Group's businesses and evaluating whether or not its businesses are being properly managed;
- (c) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- (d) Ensuring that all candidates appointed to Senior Management positions are of sufficient calibre, including the orderly succession of Senior Management personnel;
- (e) Overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company;
- (f) Reviewing the adequacy and integrity of the Group's internal control and management information systems;
- (g) Carrying out periodic review of the Group's financial performance and operating results and major capital commitments; and
- (h) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group.

The Board's play an active role in reviewing and monitoring the Group's overall strategic and financial plans. The Board reviews and approves on a yearly basis the proposed business plan and budget of the Group as well as the capital expenditure at the Board Meetings.

The Board reviews the performance and results of the business at individual business unit level and group level on a regular basis at its quarterly meetings by monitoring the Group's financial results against the budget and the preceding quarter's results.

The Board receives updates on financial, operational, corporate, regulatory, business development and audit matters for the decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

The Group Managing Director, Executive Directors and/or other relevant Board members with the assistance of senior management team will furnish comprehensive explanation on pertinent issues and recommendations by the Management. The issues are then deliberated and discussed thoroughly by the Board and the Board will give in depth consideration, guidance, ideas and feedback on the Company's strategy over short, medium and long term, prior to decision making. In addition, the Board members are updated on the Company's activities and its operations on a regular basis.

The Board also deliberates and evaluates the feasibility of business propositions and corporate proposals as well as the principal risks that

	<p>may have a significant impact on the Group’s business. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required.</p> <p>The Audit Committee assists the Board in reviewing financial reporting such as quarterly and annual financial results, major acquisitions and disposals, major investments, non-financial reporting such as disclosures and statements in the annual report before tabling the same to the Board for deliberation and approval to ensure the Group is in compliance with the relevant accounting standards and Listing Requirements.</p> <p>The Management team conducted quarterly meetings with each business unit heads to review, discuss, deliberate, consider and submit proposals to the Board for final decision on issues of financial performance, business plan, risk management, information technology support, corporate governance, business development, investment activities, current issues faced which require the Board’s input and decision.</p> <p>The Board, via Risk Management and Sustainability Committee (“RMSC”) sets risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by the Group. The details of the risk management framework are set out in the Statement on Risk Management and Internal Control of the Company’s Annual Report 2019.</p> <p>The Board, via RMSC also discuss and resolve risk management and sustainability-related issues, in particular, the establishment of a sustainability framework, review of the adequacy of sustainability processes, ensuring effectiveness in the identification, management, and reporting of Material Sustainability Matters of the Group, monitoring and overseeing of all sustainability strategies and initiatives of the Group. The details of the sustainability matters are set out in the Sustainability Statement section of the Company’s Annual Report 2020.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the board is responsible for instilling good corporate governance practices, leadership and effectiveness of the board. Mr. Chuah Ah Bee is the Executive Chairman of the Company. He has extensive experience in the poultry industry which is essential for the continued growth of the Company.</p> <p>As Executive Chairman, Mr. Chuah Ah Bee assumes, among others, the following responsibilities :</p> <ul style="list-style-type: none"><li>(a) ensuring that the Board functions effectively, cohesively and acting in results-orientated manner;</li><li>(b) leading the Board, with good corporate governance practices in place across the whole Group;</li><li>(c) leading the Board, including presiding over Board meetings and Company meetings and providing strategic leadership in directing the Board's agenda and putting priorities to effectively address the critical issues faced by the Group;</li><li>(d) ensuring that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda;</li><li>(e) encouraging active participation and discussion to ensure no individual member dominates discussion and that dissenting views can be freely expressed and discussed before a Board decision is made;</li><li>(f) promoting constructive and respectful relationship between board members and between board members and management; and</li><li>(g) ensuring that there is effective communication between the Company and/or the Group and its shareholders and relevant stakeholders.</li></ul>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Executive Chairman is Mr. Chuah Ah Bee. Whereas, the Group Managing Director ("Group MD") is Mr. Chuah Hoon Phong.</p> <p>The roles of the Executive Chairman and the Group MD are provided in the Board Charter which is available on the Company's website at <a href="http://www.cab.com.my">www.cab.com.my</a>.</p> <p>The roles of the Executive Chairman and the Group MD are distinct and separate, with a clear division of responsibilities between them to ensure an appropriate balance of power, accountability and independence in decision making.</p> <p>As the Executive Chairman, Mr. Chuah Ah Bee has been leading the Board in its responsibilities for the corporate directions, business and affairs of the Company and oversight of management. Whereas, the Group MD, Mr. Chuah Hoon Phong, plays his roles in implementation of Board policies, strategies and decisions adopted by the Board. The Group MD leads the management team in carrying out the Group's strategy and meets the management team regularly to discuss and resolve operational issues.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company has appointed two company secretaries, one of whom is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators while the other is a licensed Company Secretary by Companies Commission of Malaysia. They are Ms. Chew Siew Cheng (MAICSA 7019191) and Ms. Lim Choo Tan (LS 0008888).</p> <p>The Company Secretary plays an important advisory role and is a source of information and advice to the Board and its Committees on issues relating to requirements and compliance with laws, rules, regulations, as well as corporate governance practices.</p> <p>During the financial year, the Company Secretaries have carried out the following tasks:</p> <ul style="list-style-type: none"><li>(a) Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting, Extraordinary General Meeting and any other meetings that require the attendance of Company Secretary and ensure that meetings are properly convened;</li><li>(b) Ensure that the quarterly financial results, audited financial statements, annual reports, circulars, etc and all relevant announcements are announced to Bursa Malaysia Securities Berhad and Securities Commission on a timely basis;</li><li>(c) Ensure that deliberations at the meetings are well captured and minuted;</li><li>(d) Ensure that the Company complies with the Main Market Listing Requirements and the requirements of the relevant authorities;</li><li>(e) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices;</li><li>(f) Keep the Directors and principal officers informed of the closed period for trading in the Company's shares; and</li></ul>



	(g) Ensure proper recording and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 1.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board meets on a quarterly basis, with additional meetings convened as and when necessary. The meetings are planned in advance prior to the commencement of each new calendar year and the schedule is circulated to all the Directors well in advance to enable them to plan ahead. The notices of the meetings are send out to the Directors via email at least 7 days prior to the meetings.</p> <p>The meeting materials were circulated to all Directors via email for their perusal where possible, generally at least five (5) business days prior to each Board and Committee meeting, depending on the nature of the particular meeting material.</p> <p>The Company Secretaries duly capture matters resolved in meeting into minutes. Within a reasonable period after the conduct of each meeting, the Secretaries circulate draft minutes to all meeting participants, for them to go through and highlight for inclusion in the event of omission noticed. Once the Secretaries have confirmed the minutes as accurate and complete, they will circulate the minutes to all directors promptly, so as to enable the relevant parties take actions as resolved in meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a Board Charter and it is published on the Company's website at <a href="http://www.cab.com.my">www.cab.com.my</a>.</p> <p>The Board Charter sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, board committees, individual directors and managements as well as issues and decisions reserved for the Board.</p> <p>The Board will periodically review the Board Charter and make any changes whenever necessary to ensure that the Board's objectives are aligned with the latest regulations. The Board Charter was last reviewed on 28 December 2020.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Code of Ethics and Conduct that set out the basic principles to guide all the directors and employees of the Group, for ethical values enforceable at workplace as well as in business dealings/company affairs at all times.</p> <p>The Code of Ethics and Conduct ("the Code") clearly sets out expectations to display the highest level of professionalism and corporate governance in the conduct of work and dealings with its internal and external stakeholders including its customers, suppliers, employees, the environment and the community.</p> <p>The Group also encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of the Code and to disclose any improper conduct or other malpractices within the CAB Group (i.e. whistleblowing) in an appropriate way.</p> <p>The Group's stance on zero-tolerance towards bribery and corrupt practices is also clearly stated in the Code and is applicable to all the Group's business dealings and transactions in all countries in which its subsidiaries operate.</p> <p>The Directors have the duty to declare immediately to the Board of their interests in any transaction to be entered into directly or indirectly with the Company or the Group. The interested Director shall abstain from all deliberations and decision making of the Board on the transaction. In the event where a corporate proposal is required to be approved by the shareholders, the interested Director will abstain from voting in respect of their shareholdings in the Company and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolution.</p> <p>During FY2020, the Group continued to take steps to strengthen its anti-bribery and corruption compliance upon implementation of Section</p>

	<p>17A(5) of the Malaysian Anti-Corruption Commission Act 2009 with effect on 1 June 2020. Anti-Bribery and Corruption Policy (“ABC Policy”) has been established and enforced across the Group, among all business units and briefings have been conducted to all employees within the Group to create awareness and understanding of the significance of ABC Policy which also includes process and procedure to prevent potential violation of this ABC Policy.</p> <p>The Board periodically reviews the Code and the ABC Policy to ensure it remain relevant and appropriate. The details of the Code and ABC Policy are available for reference at the Company’s website at <a href="http://www.cab.com.my">www.cab.com.my</a>.</p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has put in place a Whistle-Blowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about unethical behavior, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal.</p> <p>The policy lays down explicitly the procedures and protection extended to the whistleblower. The policy is published and promoted for enforcement across the Group, where the whistleblower can report to the Group Managing Director or the Audit Committee Chairman or the Head of Group Internal Audit.</p> <p>The Board periodically reviews the Whistle-Blowing Policy to ensure it remains relevant and appropriate.</p> <p>The details of the Whistle-Blowing Policy are available for reference at the Company's website at <a href="http://www.cab.com.my">www.cab.com.my</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>As at the date of this Corporate Governance Report, the Board comprises nine (9) Directors, i.e. three (3) Independent Directors, one (1) Non-Independent Non-Executive Director and five (5) Executive Directors, fulfilling the Main Market Listing Requirement's provision for at least one-third of the board of directors or two directors, whichever is higher, being Independent Directors.</p> <p>The Board, through the Nomination Committee, has examined and considered its present Board size and is satisfied that its current Board size facilitates effective decision-making and is appropriate for the nature and scope of the Group's operations. Notwithstanding that the Board does not comprise at least half of Independent Directors as recommended in Practice 4.1 of the Malaysian Code on Corporate Governance 2017 ("the Code"), there is a good mix of members with complementary skills, core competencies and experience that could effectively contribute to the Group. The present scenario, which does not accede to Practice 4.1 of the Code, does not jeopardise the position of the Board to make independent deliberations and decisions in the best interest of the Company.</p> <p>The Independent Directors are independent of management and free from any significant business or other relationship with the Company or Group. Hence, they are able to provide an unfettered and unbiased independent judgment and to promote good corporate governance in their roles as Independent Directors.</p> <p>As a member of the Board, the Independent Directors take their roles and responsibilities to shareholders and other stakeholders seriously, and hold constant discussions and deliberations during Board and Board Committee meetings. They are also open to raise ideas and offer different views in deliberations during Board or Board Committee meetings. They do not shy away from asking hard and uncomfortable questions during deliberations and are willing to challenge Management if the answers provided are not to their satisfactory. Hence, this accumulation of expertise and experience as well as the nurturing of an open and transparent discussion environment during</p>

	<p>Board meetings, have helped to ensure healthy discussion and deliberation on Company matters.</p> <p>The current size and composition of the Board reflects the interest of shareholders as the current structure of the Board ensures that no single individual or group dominates the decision making process. The presence of Independent Non-Executive Directors also safeguard the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained.</p> <p>Ms. Wijanti Tjendera, the nominee director of Plant Wealth Holdings Limited, a major shareholder of the Company, who was appointed as a Non-Independent Non-Executive Director of the Company, provides independent deliberation, review and decision making to the Board.</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><b>Measure</b></p>	<p>: The Board will take steps to ensure their compliance with the Code's requirements to have at least half of the board comprises of Independent Directors. The Nomination Committee and the Board will continue seeking new Independent Directors who meet the required criteria and merit with due regard for diversity in skills, experience, age and cultural background that suits the Company's strategic goals to join the Company. At this juncture, the Board had not ascertained a timeframe of achieving this target but will do at the best endeavour to appoint a new Independent Non-Executive Director.</p> <p>The Board endeavours to fulfil the said recommendation in the coming years.</p>	
<p><b>Timeframe</b></p>	<p>: Ongoing, in progress</p>	



### Intended Outcome

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

### Practice 4.2

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

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

<b>Application</b>	:	Applied - Two Tier Voting
<b>Explanation on application of the practice</b>	:	<p>Presently, Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik are the Independent Non-Executive Directors whose tenure has exceeded a cumulative term of twelve (12) years and nine (9) years respectively.</p> <p>Letters of support and recommendation from the Group Managing Director to retain Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik as Independent Non-Executive Directors of the Company were tabled and noted at the Nomination Committee Meeting held on 28 December 2020. Upon assessment of their independence, the Nomination Committee was satisfied that Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik still maintained independency despite their long services extended to the Company and recommended to the Board to seek for shareholders' approval for their re-appointment at the forthcoming Nineteenth Annual General Meeting.</p> <p>The Board has recommended that the approval of the shareholders be sought at the forthcoming Annual General Meeting to re-appoint Tuan Haji Ahmad Fazil Bin Haji Hashim and Y.B. Goh Choon Aik to continue to act as the Independent Non-Executive Directors of the Company. Meanwhile, as recommended by the MCG 2017, the Board will be seeking shareholders' approval through a two-tier voting process to retain Tuan Haji Ahmad Fazil Bin Haji Hashim as an Independent Non-Executive Director as his tenure has exceeded twelve (12) years.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of a diverse mix of skills and profiles of the directors on the Board and Senior Management, in terms of age, ethnicity, gender, business experience and personal skills to provide the necessary perspective, experience and expertise required to achieve effective stewardship and management of the Company’s operation.</p> <p>The Group does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is strictly based on the candidates’ competency, skills, character, time commitment, knowledge, expertise, professionalism, suitability and character of a person in meeting the needs of the Group, regardless of gender, ethnicity and age.</p> <p>The Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2017 to the establishment of boardroom and workforce gender diversity policy. The Board currently has two (2) female directors which represents 22.2% of the Board members, reflects the Board’s commitment towards achieving a more gender-diversified Board.	
		The Board will take into consideration gender, ethnicity and age diversity factors in nominating and selecting new Directors to be appointed to the Board. The board does not have any target or measure to meet the 30% women directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board appoints its members through a formal and transparent selection process, which is consistent with the Company's Constitution. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee ("NC"). The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries ensure all appointments are properly made and that legal and regulatory requirements are met.</p> <p>The appointment process of a new Director is summarized as follows:</p> <ul style="list-style-type: none"><li>(i) The candidate identified upon the recommendations from various sources, i.e. existing Board of Directors and Management or their contacts in related industries such as finance, accounting or legal professions, major shareholders as well as independent sources, where required ;</li><li>(ii) In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the required mix of skills, expertise, experience, time commitment and contribution of the candidates can bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independency will be considered;</li><li>(iii) Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and</li><li>(iv) Decision to be made by the Board on the proposed new appointment including appointment to the various Board committees.</li></ul> <p>During the financial year 2020, there was no new appointment of directors in the Company.</p>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Nomination Committee is Tuan Haji Ahmad Fazil Bin Haji Hashim, who is the Senior Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The annual assessment on the effectiveness of the Board, its committees and each individual director was conducted internally via the Nomination Committee (“NC”). The Nomination Committee engages the guideline provided by the regulatory bodies for use during evaluation.</p> <p>The assessment criteria for the Board as a whole include, inter alia, the effectiveness of the Board composition in terms of size and structure, scope and operations of the Company, the mix of skills, experience and knowledge of the Directors, and the Board’s integrity, competency, responsibilities and performance.</p> <p>The assessment criteria for the Board Committees include the effectiveness of the respective Board Committees’ composition in terms of mix of skills, experience and knowledge to carry out their respective roles and responsibilities per the Board Committees’ Terms of Reference (“TOR”) and the contribution of Board Committee members with the view to maximise the performance of individual committees.</p> <p>Each individual Director is assessed on, inter alia, the effectiveness of his/her strength, responsibilities, competency, expertise, time commitment and contributions as well as the analytical skills and ability to act in the best interest of the Company.</p> <p>These result of the assessments and comments were summarised and discussed at the NC meeting which were then reported to the Board at the Board Meeting held thereafter.</p> <p>The results of the assessment form part of the basis for the NC’s recommendation to the Board for the re-election/re-appointment of Directors at the Annual General Meeting (“AGM”).</p> <p>The NC evaluated all the above assessment forms at the NC Meeting held on 28 December 2020 and was satisfied with the performance of</p>

	<p>the Board and Board Committees as well as the performance of individual Directors.</p> <p>The outcomes of the NC's assessment were that -</p> <p>(a) The NC has recommended to the Board to continue seeking new Independent Directors who meet the required criteria and merits to join the Company in attempt to fulfil the Code's requirements to have at least half of the Board members comprising of Independent Directors and</p> <p>(b) The NC will continue recommend the relevant training needs to upskill and equip the Directors on the latest developments in the Main Market Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance as well as the latest developments of International Accounting Standards.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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

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

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The remuneration for directors and senior management of the Company are based on the policy and procedures of the Group. The policy and procedures is published on the Company's website.</p> <p>The primary function of the Remuneration Committee ("RC") is to review the policy of remuneration framework and recommend to the Board the remuneration package of all the Directors and senior management according to the Group's financial performance, the skills, level of responsibilities, experience and performance of the Directors and senior management.</p> <p>The remuneration of Directors is determined at level which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board's remuneration policy and terms of service of each Director annually taking into consideration market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group.</p> <p>The RC is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration. Non-Executive Directors are paid by way of fixed monthly fees and a meeting allowance for each meeting attended. Individual Director is not allowed to participate in discussion of his / her own remuneration.</p> <p>The directors' fees and benefits are recommended by the Board for the approval of shareholders of the Company at the Annual General Meeting.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee ("RC") comprising all Independent Non-Executive Directors. They are Mr. Lim Ghim Chai, Tuan Haji Ahmad Fazil bin Haji Hashim and Y.B. Goh Choon Aik.</p> <p>The RC has a written Terms of Reference which was last reviewed on 28 December 2020 and is published at the Company's website at <a href="http://www.cab.com.my">www.cab.com.my</a>.</p> <p>The RC is tasked to review the remuneration package of the Executive Directors / Chairman and senior management which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board remuneration policy and terms of service of each Director annually taking into consideration market conditions and comparisons, responsibilities, business strategy, long term objectives and the overall financial performance of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual directors, detailing fees, salary, bonus and other emoluments received / receivable from the Company and its subsidiaries for the financial year 2020 are stated in the page 44 of the Annual Report 2020 under the Corporate Governance Overview Statement.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has not disclosed on named basis the top five senior management's remuneration components in bands of RM50,000.	
		The Company acknowledges the need for corporate transparency in the remuneration of its key senior management's remuneration. In view of the highly competitive industry conditions in which the Company is operating, the Company is of the view that the disclosing of the remuneration of senior management would be a disadvantage to the Group and may be detrimental to the Company's business interests given the challenges faced by the Company in talent management and retention.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

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



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is chaired by Mr. Lim Ghim Chai, an Independent Non-Executive Director. He is not the Chairman of the Board.</p> <p>The Audit Committee, which comprises three Independent Non-Executive Directors, assists the Board to review the Group's financial reporting process, the system of internal control, the audit findings and the Group's process for monitoring compliance with laws and regulations and such other matters which may be delegated by the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In line with the recommendation of the Malaysian Code on Corporate Governance, the Audit Committee had revised its Terms of Reference to incorporate a clause on cooling-off period of at least two years before a former key audit partner can be appointed as a member of the Audit Committee.</p> <p>To-date, the Company has not appointed a former audit partner to be a member of the Audit Committee.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee assesses the suitability and independence of the external auditors on an annual basis.</p> <p>The Audit Committee assesses the external auditors from the perspectives of the external audit firm’s calibre/reputation, competency of audit team, independence and objectivity, audit scope and planning, communication, reporting and partners involvement. The inputs / opinions from the Company’s personnel who have constantly dealt with the external audit team throughout the year would be taken into account while assessing suitability of the external auditor.</p> <p>The external auditors, in supporting their independence, provides the Audit Committee a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the Audit Committee of the Company during the financial year.</p> <p>The Audit Committee and the Board are satisfied with the performance, competence and independence of the external auditors and the Board had recommended their re-appointment, for the shareholders’ approval at the forthcoming Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises 3 members, all of which are Independent Non-Executive Directors.

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee led by the Chairman, Mr. Lim Ghim Chai, are financially literate and are able to understand matters under the purview of the Audit Committee and able to review the reliability of the financial statements prepared by the Group Financial Department and report effectively to the Board.</p> <p>Mr. Lim was a qualified Chartered Accountant with membership of the Malaysian Institute of Accountants and Chartered Accountants of Australia and has many years' of experience in corporate and business consulting. Tuan Haji Ahmad Fazil is knowledgeable in business and has good understanding of the technical requirements and inherent risk of the poultry business. Y.B. Goh Choon Aik who is a registered town planner has many years' of experience in dealing with the land matters. The Audit Committee is mindful of the need to continuously undertake professional development training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules by way of job training, attendance of various workshop, seminars and briefing sessions.</p> <p>All the Audit Committee members have completed the financial literacy questionnaires recommended in the Corporate Governance Guide. The Board via the Nomination Committee assessed the financial literacy of the Audit Committee Members and was satisfied that all the members are financially literate and able to comprehend the duties required by them. The Group Financial Director from time to time updates the Audit Committee Members on significant issues concerning the Group, such as new and significant accounting standards and its impact on the Group.</p> <p>The Group Finance Director is required to brief the Audit Committee members on the quarterly financial statements, budgets, the Management Discussion and Analysis and any other financial analysis.</p>

	At intervals during the debriefing, questions are raised on the financial statements by members of the Audit Committee.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility for an effective risk management framework and internal control system of the Group. Such systems are designed to manage the Group's risk within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.</p> <p>The system of risk management framework and internal control system involves each key business unit and its management, and is designed to meet the business units' particular needs, and to identify, monitor and manage potential risks to an acceptable risk appetite.</p> <p>The Risk Management and Sustainability Committee ("RMSC") assists the Board to oversee the risk management matters related to the activities of the Group.</p> <p>The RMSC is headed by the Group Managing Director, assisted by Independent Directors and members of key management team of the respective divisions. The responsibilities and purposes of the RMSC are:</p> <ol style="list-style-type: none"><li>(1) to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on on-going basis. The RMSC reports to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group's Business Unit; and</li><li>(2) to include the establishment and overseeing the implementation of the sustainability framework, review of the adequacy of the sustainability processes, ensuring effectiveness in identification, management and reporting of the Material Sustainability Matters pertaining to the Economic, Environmental and Social aspects of the Group, monitoring and overseeing all sustainable strategies and initiatives of the Group. This includes a review of the delivery of the responsibilities of the Risk Management and Sustainability Working Committee and making the necessary recommendations to the Board for its deliberation.</li></ol>

	<p>The RMSC is also supported by the Group’s internal audit department who will provide an assessment on the adequacy and effectiveness of the internal control systems operating within the Group.</p> <p>The key features of the Risk Management Framework are presented in the Statement on Risk Management and Internal Control of the Company as set out on pages 49 to 52 of the Company’s Annual Report 2020.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



### Intended Outcome

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

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for the identification, evaluation and management of significant risks applicable to their respective areas of business together with the design and implementation of suitable internal controls.</p> <p>The Company has in place the Audit Committee and Risk Management and Sustainability Committee to perform various functions pertaining to managing risks and internal controls.</p> <p>The Group has in place the Risk Management Policy which lays down the responsibilities of the Board, the Risk Management Committee, the Risk Management Working Committee and others in relation to risk management.</p> <p>The risk management process was illustrated in the Statement of Risk Management and Internal Control, which was subject to the external auditors' review and certification.</p> <p>Like-wise, the key processes that have been established to ensure the adequacy and effectiveness of the risk management and internal control system were also disclosed in the Statement of Risk Management and Internal Control subject to the external auditors' review and certification.</p> <p>The Board receives assurance from the Group Managing Director and the Group Finance Director that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the existing risk management and internal control system of the Group.</p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 9.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee was established on November 29, 2016 and was renamed to Risk Management and Sustainability Committee ("RMSC") on November 29, 2018. The RMSC comprises a majority of Independent Directors and the composition is as follows:</p> <p>Loo Choo Gee – Chairman (Executive Director)</p> <p>Lim Ghim Chai – Member (Independent Non-Executive Director)</p> <p>Goh Choon Aik – Member (Independent Non-Executive Director)</p> <p>The RMSC is headed by the Group Executive Director, assisted by Independent Directors and members of key management team of the respective divisions. The responsibilities and purposes of the RMSC are:</p> <ol style="list-style-type: none"><li>(1) to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on on-going basis. The RMSC reports to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group's Business Unit; and</li><li>(2) to include the establishment and overseeing the implementation of the sustainability framework, review of the adequacy of the sustainability processes, ensuring effectiveness in identification, management and reporting of the Material Sustainability Matters pertaining to the Economic, Environmental and Social aspects of the Group, monitoring and overseeing all sustainable strategies and initiatives of the Group. This includes a review of the delivery of the responsibilities of the Risk Management and Sustainability Working Committee and making the necessary recommendations to the Board for its deliberation.</li></ol>

**Intended Outcome**

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

**Practice 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group maintains an in-house Internal Audit Department to discharge the internal audit function independently.</p> <p>The Internal Auditors assist the Audit Committee and the Board in providing independent assessment on the adequacy, efficiency as well as effectiveness of the Group’s internal control system. The Head of Internal Audit Department presents audit reports, which detail the audit issues, Internal Audit’s recommendations and Management’s responses, to the Audit Committee during quarterly meetings. Apart from the audit report, the Head of Internal Audit Department also brings up outstanding issues stemmed from follow-up verification, if any, into the knowledge of the Audit Committee for further monitoring.</p> <p>The results of the internal audit reviews and the recommendations are deliberated during the Audit Committee meetings. The Audit Committee Chairman briefs the Board on issues raised and highlights events requiring the Board’s attention, if any.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group’s Internal Audit Department is free from any relationships or conflict of interest that can impair their objectivity and independence in the course of their work. The Group’s Internal Audit Department has, at present, two (2) staffs, as follows:</p> <p><b>Name : Koh Soon Huat</b>            Position : Senior Manager – Internal Audit            Qualification : Graduated from Institute of Chartered Secretaries and Administrators, United Kingdom, and, Chartered Institute of Management Accountants, United Kingdom (with associate-ship awarded)</p> <p><b>Name : Ang Toon Wei</b>            Position : Assistant Manager – Internal Audit            Qualification : Graduated from National Sun Yat-Sen University, Taiwan with a bachelor’s degree</p> <p>The internal audit function works in accordance with the recognised framework, that encompasses annual planning of activities, adoption of risk-based approach in audit work, actual discharge of audit fieldwork at site/ subsidiaries, reporting and presenting audit reports to the relevant parties etc.</p>
<b>Explanation for departure</b>	:	  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders value and recognizes the importance of timely dissemination of information to shareholders.</p> <p>The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear and complete information of the Company's financial performance, major developments and position as possible. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results.</p> <p>In addition to shareholders participation at general meetings, the Board also encourages other channel of communication with shareholders. For this purpose, shareholders and other stakeholders may convey their concerns relating to the Company to the Group Finance Director, Ms. Koay Lay Ean to whom any query and concern regarding the Group may be conveyed at the email <a href="mailto:cab@cab.com.my">cab@cab.com.my</a>.</p> <p>The Company maintains a website, allows the shareholders, investors and members of the public to gain access to information and new events of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not applicable as the Company does not fall within the “Large Companies” definition as defined by the Malaysian Code on Corporate Governance 2017. The Company will aims to adopt integrated reporting in the future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The notice of the Nineteenth (19 <sup>th</sup> ) Annual General Meeting together with the Annual Report 2020 of the Company are despatched to the shareholders on 27 January 2021, which is more than 28 days' notice prior to the holding of the Company's Annual General Meeting on 25 March 2021.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the Postponed Eighteenth (18<sup>th</sup>) Annual General Meeting (“AGM”) of the Company held on 9 June 2020 which was conducted on fully virtual basis through live streaming and online voting, all the Directors participated either by physically present at the broadcast venue or attended remotely via video conferencing to engage directly with the shareholders.</p> <p>The Group Finance Director and external auditors were also available at the broadcast venue and via video conferencing to give response if there were any questions addressed to them during the meeting.</p> <p>To encourage engagement between Directors and shareholders, shareholders were invited to submit any additional questions they might have via the query box during the virtual meeting.</p> <p>In addition to responding to the queries posed by shareholders via query box, the Board of Directors also shared with shareholders in attendance, the Company’s responses to questions submitted in advance of the AGM by the Minority Shareholders Watch Group.</p> <p>Barring any unforeseen circumstances, all the Directors of the Company will be attending the forthcoming Annual General Meeting of the Company to be held on 25 March 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company has been holding its AGMs at the Company's head office, Plot 21, Lorong Jelawat 4, Seberang Jaya Industrial Park, Seberang Jaya, 13700 Perai, Penang. The AGM venue was familiar to most of Company's shareholders as for the past ten years, the Company's AGMs were held at the same venue.</p> <p>The Company does not conduct meetings in remote location. However, it is currently not cost effective or practical for the Company to leverage on technology to facilitate the voting in absentia or having remote shareholders' participation at general meeting.</p> <p>Alternative practice: Shareholders are allowed to appoint their representatives or proxies to attend, speak and vote on their behalf at a general meeting.</p> <p>Given the concerns surrounding the spread of COVID-19 and as part of the safety measures and controls for the wellbeing of our shareholders, our previous Postponed 18th AGM of the Company was held on 09 June 2020 on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities. The RPV facilities enabled shareholders to attend, participate, posed questions (via real time submission of typed texts) and vote remotely without physically attending the meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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