

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5104  
**COMPANY NAME** : Citra Nusa Holdings Berhad (Formerly known as CNI Holdings Berhad)  
**FINANCIAL YEAR** : December 31, 2021

### **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 assumes overall responsibility in leading the strategic direction, future expansion, corporate governance, risk management, human resource planning and development, investments made by the Company and overseeing the proper conduct of business of the Group.</p> <p>The Board is committed to inculcating a culture of honesty and accountability. In discharging its duties, the Board delegates certain of its responsibilities to the Board Committees which operate within defined Terms of Reference (TOR). The Chairman of the respective Board Committees reports to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary. The Board Committees include the Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC"), and Risk Management Committee ("RMC").</p> <p>Key matters reserved for the Board's approval include the annual business plan and budget, the acquisition or disposal and transactions exceeding the authority limits, change to the CEO and Senior Management, changes in the key policies, procedures and delegated authority limits of the Group.</p> <p>The Board approves the Group's annual financial budget and meets quarterly to review the attainment of corporate objectives and the performance of each of the business segments, substantiated with financial and operational information and/or reports prepared by the Management.</p> <p>The Board is involved in establishing overall business objectives, review and approve strategies and plans to pursue business objectives and monitor their progress.</p> <p>The Board promotes the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance. A report on sustainability activities, demonstrating the Group's</p>

	commitment to the economic, environment and social appears in the Sustainability Statement of this Annual Report.			
<b>Explanation :</b> <b>for</b> <b>departure</b>				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure :</b>				
<b>Timeframe :</b>				

### Intended Outcome

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

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is chaired by Dato' Koh Peng Chor. He provides leadership so that the Board can perform its responsibilities effectively.</p> <p>The roles of the Chairman of the Board are clearly specified in the Company's Board Charter. The responsibilities of the Chairman, among others, are as follows:</p> <ul style="list-style-type: none"><li>a) Managing Board meetings to ensure robust decision making;</li><li>b) Building a high performance Board;</li><li>c) Managing Board and/or Management interface by acting as the conduit between Management and the Board; and</li><li>d) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</li></ul> <p>The Chairman together with the Company Secretary sets the agenda of each Board Meeting. He ensures that Directors receive Board papers in a timely manner and that Directors are properly briefed on issues arising in Board meetings. During Board Meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues. He also encourages active participation and allows views including dissent to be freely expressed.</p> <p>The Chairman plays a key role in the conduct of the General Meetings. Besides ensuring the proper flow of resolutions tabled at the meeting, he manages the communication on the floor. He further encourages active participation from shareholders and allows a sufficient amount of time during the questions and answer session.</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

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

### Practice 1.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The roles and responsibilities of the Chairman and the Group CEO, are separated, clearly defined and documented in the Company's Board Charter.</p> <p>The position of Chairman and Group CEO are held by different individuals to ensure optimal balance, resulting in accountability and enhanced decision-making at Board level.</p> <p>The Chairman primarily presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The Group CEO is responsible for the execution of the Group's strategies in line with the Board's direction, oversees the operations of the Company and drives the Group's businesses and performance towards achieving the Group's vision and goals.</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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

*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'.*

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has a total 6 members, comprised of 2 Executive Directors and 4 Non-Executive Directors, 2 of whom are Independent Directors.</p> <p>The roles and responsibilities of the Board Chairman and the roles and responsibilities of the AC and NRC are separate and distinct. The activities of these Board Committees are carried out in accordance with their respective Terms of Reference and other applicable policy(ies), code and/or regulatory requirements.</p> <p>Any recommendations/proposals of the Board Committee were based on consensual decisions. The Chairman of the Board Committees will report to the Board on key issues deliberated by the Board Committees at their respective meetings. The Board will consider/deliberate and/or make decisions on the matters brought to its attention collectively.</p> <p>The Board will review the composition of the Board Committees annually to ensure that they are functioning effectively and will consider refreshing the composition of the Board Committees at an appropriate time upon due consideration.</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

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

### Practice 1.5

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company Secretary of CNH is qualified to act as company secretary under Section 235 of the Companies Act 2016.</p> <p>The Company Secretary plays an advisory role to the Board particularly with regards to the Company's Constitution, Board policies and procedures as well as its compliance with regulatory requirements and legislations.</p> <p>Madam Chin Yoke Kwai is currently the Company Secretary and has been with the Group since 2005. Madam Chin has more than 20 years of experience in corporate secretarial practices.</p> <p>The Company Secretary is responsible for facilitating effective information flows within the Board and Board Committees and between Senior Management and Non-Executive Directors. All Directors have unrestricted direct access to the advice and services of the Company Secretary to facilitate the discharge of their duties.</p> <p>The Company Secretary attends all Board and Board Committee meetings and ensures discussions and deliberations of the Board and Board Committees are properly documented and recorded in a timely manner, and subsequently communicated to the Management for appropriate actions. The Company Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and where necessary, reported to the Board.</p> <p>As part of good corporate governance, pertinent comments and observations of each Director are also recorded in the minutes of meetings. The minutes of Board and Board Committee meetings are circulated to all Directors / Board Committee members for their perusal and comments. The Directors / Board Committee members may request for further clarification or raise any comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board / Board Committees at the subsequent meeting.</p> <p>The Company Secretary has a direct functional reporting line to the Group CEO and has been accorded with appropriate standing and</p>



	<p>authority to enable her to discharge her duties in an impartial and effective manner. The appointment or removal of the Company Secretary is the prerogative of the Board.</p> <p>The Company Secretary keeps herself abreast of the evolving regulatory changes and developments in corporate governance through continuous training.</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 1.6

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company Secretary tables the annual meeting calendar to the Board in advance of each new year in order to facilitate the Directors' time planning. The calendar provided all meetings scheduled for the Board or Board Committee including Annual General Meeting.</p> <p>The Board meets at least once every quarter to review the financial, operational and business performances. Notices and agenda of meetings, duly endorsed by the Chairman, together with the draft minutes of the previous meeting which had been circulated for comments earlier on and relevant meeting papers are normally distributed at least 7 days before the meetings to ensure the Directors have sufficient time to review the papers and seek clarifications from Management before each meeting. Occasionally, the Board or Board Committee meetings may be called at shorter notice when critical decisions need to be made.</p> <p>CNH had maintained its paperless meeting practices whereby meeting materials are distributed to the Directors via an electronic collaboration file, as part of its initiative to promote green environmental awareness. The Directors are provided with a link to the file, enabling the Directors to access the meeting materials in a timely and secured manner.</p> <p>Key decisions are always made at Board meetings while Directors' Written Resolutions are confined to administrative matters or to formalise matters that have been deliberated at Board meetings. All Directors' Written Resolutions are supported with sufficient information to enable the Directors to make informed decisions. Directors' Written Resolutions passed by the Board are thereafter tabled at the next Board meeting for notation.</p> <p>Where a potential conflict of interest arises, the Directors are required to make an immediate declaration to the Board if they have any interest in transactions to be entered into directly or indirectly with the Group. Such Director is required to abstain from participating in the deliberation and decision of the Board on all matters which he has interest in.</p>

	<p>The deliberations and decisions at the Board and Board Committee meetings are well documented in the minutes of meetings including matters where Directors' abstained from voting or deliberations.</p> <p>The Minutes of meetings will be circulated for comments and for follow up action by Management within a reasonable timeframe after the meeting. This is to ensure that matters arising from the Board or Board Committees meetings are acted upon effectively and efficiently.</p> <p>The duly commented minutes of the meetings are subsequently tabled for confirmation at the next meetings. The minutes of the Board Committees are also presented to the Board for notation.</p> <p>Upon confirmation by the Board or Board Committees at the following meetings, the minutes will be signed by the Chairman of the said meeting as a correct record of the proceedings of the meeting. Actionable items will be recorded in the minutes as matters arising until they are eventually resolved.</p>	
<b>Explanation for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>		
<b>Timeframe</b>		

**Intended Outcome**

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

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by its Board Charter which sets out the Board's strategic intent, roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives. The Board Charter serves as a primary reference point on governance matters for Directors as well as an induction literature for newly-appointed Directors.</p> <p>The Board Charter address, among others, the following matters:</p> <ul style="list-style-type: none"> <li>● Board structure and composition</li> <li>● Authorities of the Board</li> <li>● Roles and responsibilities of the Board, Chairman, Directors and Management</li> <li>● Matter reserved for the Board</li> <li>● Board Meetings</li> <li>● Board Committees</li> <li>● Company Secretary</li> <li>● Stakeholders' Communication</li> <li>● General Meeting</li> </ul> <p>The Board Charter is made available on the Company's website at <a href="http://www.citranusaholdings.com">www.citranusaholdings.com</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 3.1

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>In discharging its functions, the Board adheres strictly to the Code of Business Ethics ("COBE"). Directors are expected to uphold the highest standard of integrity, ethical conduct and corporate governance in discharging their duties and in dealing with the stakeholders and regulators.</p> <p>The COBE has been reviewed and updated by the Board on 20 May 2020 to ensure it remains current and relevant.</p> <p>The COBE outlines the standards of behaviour that CNH expects from its Directors, Management and employees, in line with the Group's core values and business objectives. The COBE applies to all businesses in which the Company operates.</p> <p>The COBE covers areas such as working with one another, avoiding conflict of interests, guarding against bribery and corruptions, gifts, entertainment and travel, donations, prohibition of insider trading and money laundering, protecting the Group and shareholders, dealing with counterparts and business partners, dealing with government authorities, and political parties and internal organisations.</p> <p>All employees are expected to understand the principles and standards stipulated and must comply with it not only based on its form but also the substance of the ethical principles and conduct stated in the COBE.</p> <p>During the financial year under review, the Group required the suppliers and counterparties to sign a letter of acknowledgement that they have received and reviewed the COBE and Anti-Bribery and Anti-Corruption Policy of CNH.</p> <p>The Board has adopted the Anti-Bribery and Anti-Corruption Policy as part of the Group's efforts to support the implementation of the anti-bribery and anti-corruption and ethical principles articulated in</p>

	<p>the Group's COBE and to uphold the highest standards of good governance.</p> <p>The Company also took cognizance of a new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA") which came into effect on 1 June 2020, to include a corporate liability provision imposes liability on a commercial organisation for corruption committed by persons associated with the organisation to obtain a business advantage. In this respect, the Company has taken proactive actions to ensure that it has adequate procedures in place designed to prevent associated persons from undertaking conduct that would be in breach of the newly enforced provision</p> <p>The COBE is made available to the employees through the Company's server and is accessible to the public for reference on the Company's website at <a href="http://www.citranusholdings.com">www.citranusholdings.com</a></p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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 adopted a Whistleblower Policy (“Policy”) that provides a mechanism and avenue for employees or any external party to report the serious concerns of improper conduct, including fraud, corruption, bribery or blackmail, criminal offences and any other action that could cause significant harm to the Group.</p> <p>The Group CEO shall have overall responsibility for the implementation of the Policy. The administration of the Policy is to be carried out by the Company Secretary. The Audit Committee shall perform the oversight function over the administration of the Policy.</p> <p>The Policy which states the appropriate communication and reporting channels to facilitate whistleblowing can also be accessed on the Company’s website at <a href="http://www.citranusaholdings.com">www.citranusaholdings.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board together with the management take responsibilities for the governance of sustainability in the Company including setting the sustainability strategies, priorities and targets.  The sustainability consideration and other social and governance related matters have been regularly raised and discussed in the Board meetings.	
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company's sustainability strategies, priorities and targets are communicated directly to all its internal and external stakeholders, which include inter-alia employees, customers, suppliers, business partners and industry associations, through the Sustainability Statement in the Company's Annual Report and other formal and informal dialogues.	
<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 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.

Application	:	Applied	
Explanation on application of the practice	:	The Board continues to keep abreast of sustainability issues that are relevant to the Group and its business including climate-related risks and opportunities.	
		The Company Secretary and Management regularly updates the Board on the changes of Listing Requirements upon receiving circulars from Bursa Malaysia Securities Berhad, which is relevant to the Company.	
		The Risk Management Committee sets out and reviews the risk policy from time to time. Significant business risks are identified and evaluated so that risk assessment and risk mitigation can be carried out effectively.	
		The Company will upskill the Board and Senior Management on sustainability issues, including climate-related topics with internal training whenever necessary.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is assessed through annual Board effectiveness evaluation which takes into consideration the performance of the Board addressing the Company's material sustainability risks and opportunities.</p> <p>The Executive Directors have sustainability related KPIs which are associated with their performance evaluations.</p> <p>As for the Senior Management, it is part of their KPIs which are reviewed annually.</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 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.*

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

### Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC reviewed the composition of the Board annually and reviewed the tenure of the Directors.</p> <p>The NRC reviewed the Directors standing for re-election prior to recommendation to the Board for its consideration and recommendation to the shareholders for approval upon satisfactory evaluation.</p> <p>The Directors standing for re-election at the forthcoming Annual General Meeting ("AGM") are Dato' Koh Peng Chor and Dr. Ch'ng Huck Khoon (Non-Executive Directors). The NRC and the Board had considered and were satisfied with the performance and contribution of Dato' Koh and Dr. Ch'ng. The Board recommended the re-election of both Dato' Koh and Dr. Ch'ng.</p> <p>However, Dr. Ch'ng has expressed his intention not to seek re-election at the forthcoming AGM. Hence, he will retain office until the close of the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The current composition of the Board comprises of six (6) members, two (2) of which are Independent Directors as follows:</p> <ol style="list-style-type: none"><li>1. Dr. Ch'ng Huck Khoon</li><li>2. Lim Lean Eng</li></ol> <p>The Board complies with paragraph 15.02 of the MMLR which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are Independent Directors.</p> <p>The Board is mindful that the Board does not comprise at least half of Independent Directors.</p> <p>The Board believes that the existing Independent Directors can act as vigilant gatekeepers and at the same time acting as a check and balance on the Group's management which ultimately aim to safeguard the assets of the Group and also protecting the interests of shareholders as a whole. Therefore, the lack of at least half of Independent Directors in the Board did not jeopardise independence of Board deliberations and all decisions were made in the best interest of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board, through the NRC, is currently reviewing the selection of Independent Non-Executive Directors to be appointed to the Board.
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>At present, the 2 Independent Directors namely Mr. Lim Lean Eng and Dr. Ch'ng Huck Khoon have served the Board for more than 12 years respectively.</p> <p>The Board recommends that shareholders' approval be sought at the forthcoming AGM for Mr. Lim Lean Eng and Dr. Ch'ng Huck Khoon through a "two-tier" voting process to continue to act as Independent Directors.</p> <p>Notwithstanding their extended tenure, the Board has determined and satisfied that Mr. Lim Lean Eng and Dr. Ch'ng Huck Khoon are able to carry out their duties in a fair, impartial and conscientious manner. The Board is of the opinion that they can continue to bring independent and objective judgment to the Board. They challenge the Management in an effective and constructive manner, providing check and balance in Board proceedings. They actively participate in Board discussion and provide an independent voice on 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**

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

**Practice 5.4 - Step Up**

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

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

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

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board is committed to ensuring diversity and inclusiveness in its composition and deliberations and it recognises that a diversified Board would contribute to give a positive and valuable impact on the Group. In line with this, the Board considers all elements of diversity i.e. skills set, experience, age, gender and cultural background in the nomination, selection and appointment of candidates to the Board.</p> <p>The NRC is responsible for leading the process for the nomination of new Board appointments and making the necessary recommendations.</p> <p>In making its recommendations to the Board, the NRC considers and assess the suitability of a new appointment based on objective criteria, including:</p> <ul style="list-style-type: none"><li>· Required skills, knowledge, expertise and experience;</li><li>· Time commitment, character, professionalism and integrity;</li><li>· Ability to work cohesively with other members of the Board;</li><li>· Specialist knowledge or technical skills in line with the Group's strategy;</li><li>· Diversity in age, gender and experience/background; and</li><li>· Number of directorships in companies outside the Group.</li></ul>
<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

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NRC is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the NRC leverages on several sources and gains access to a wide pool of potential candidates. The responsibilities of the NRC in this regard are outlined in the Terms of Reference of NRC.</p> <p>In searching for suitable candidates, the NRC may receive suggestions from existing Board Members, Management and major shareholders. The NRC is also open to referrals from external sources available, such as industry and professional associations.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The profiles of Directors are set out in the Annual Report. These include their age, position, education background, working experience, directorships in other companies, any conflicts of interest and their shareholdings in the Company.</p> <p>The NRC and the Board annually review and assess the retiring directors' performance before recommendation is made to the shareholders for consideration and re-election or re-appointment.</p> <p>The NRC also evaluates the Independent Directors based on their capacity and commitment to ensure they provide independence judgement and always act in the best interests of the Company as a whole.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is chaired by an Independent Director, Dr. Ch'ng Huck Khoon.</p> <p>The Board understands that an effective recruitment and evaluation process of Directors is the building block of a high-performing Board. The Board therefore believes that the Independent Director is the most suitable and qualified person to lead the conduct of the process in an objective manner.</p> <p>In addition, Dr. Ch'ng Huck Khoon acts as a sounding board for the Chairman and serves as an intermediary for the other Directors.</p> <p>The Terms of Reference of NRC is accessible for reference on the Company's website at <a href="http://www.citranusaholdings.com">www.citranusaholdings.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>As at the date of this report, there is no woman director who sits on the Board.</p> <p>The Board is of the view that it is important to retain and recruit the best suitable talent regardless of gender to maximise the board effectiveness.</p> <p>Nevertheless, the Board is mindful that a diverse Board may offer greater depth and breadth in contributing constructive ideas and insights, which in turn could lead to better decision making.</p> <p>Thus, the NRC has been tasked to look for suitably qualified female candidates to fill the vacancy if there is any.</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**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Presently, there is no gender diversity policy in place for the Board and senior management.</p> <p>The Board is of the view that the selection criteria for the Board and senior management should be based on the effective blend of merit, skills, experiences, knowledge and competencies instead of gender criteria.</p> <p>The Board acknowledges the recommendation of the Code on gender diversity for the Board composition.</p> <p>Nevertheless, the Board, through the NRC, will continue to consider gender diversity as part of its future selection of Directors and senior management.</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

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board has entrusted the NRC with the responsibility for carrying out an annual assessment on the effectiveness of the Board, Board Committees and individual Directors, including Independent Directors.</p> <p>The NRC, upon conclusion of the annual assessment exercise, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possessed a right blend of knowledge, experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and robust decision-making process. Independent Directors were assessed to be objective in exercising their judgement.</p> <p>The annual assessment for the year 2021 was conducted internally, facilitated by the Company Secretary. The annual assessment was conducted using a KPI review form that was administered by the Company Secretary which employed a self and NRC rating assessment model. The duly completed review form was collated and the results were analysed by NRC and recommended to the Board for improvement on the areas identified in the review.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:

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

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is principally responsible for setting the policy framework and making recommendations to the Board on remuneration packages and benefits extended to the Directors and Senior Management.</p> <p>The remuneration of the Executive Directors and Senior Management has been structured to attract and retain Directors and Senior Management of the right calibre to manage the Group effectively. The recommendation of remuneration for the Executive Directors and Senior Management is measured by amongst others, their direct accountability and responsibilities for the operational management, strategic direction and decision as well as performance of the individual and financial performance of the Group.</p> <p>In case of Non-Executive Directors, the remuneration comprises fees, meeting allowances and other benefits. The remunerations and benefits payable to the Non-Executive Directors would be tabled to the shareholders for approval at the forthcoming AGM.</p> <p>The NRC shall periodically review and assess the adequacy, effectiveness and continued relevance of the Remuneration Policies and Procedures.</p> <p>The Remuneration Policies and Procedures are available on the Company's website at <a href="http://www.citranusaholdings.com">www.citranusaholdings.com</a></p>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC comprises a majority of Independent Directors.</p> <p>The membership of the NRC is outlined below:</p> <ol style="list-style-type: none"><li>1. Dr. Ch'ng Huck Khoo – Chairman (Independent Non-Executive Director)</li><li>2. Lim Lean Eng (Independent Non-Executive Director)</li><li>3. Dato' Koh Peng Chor (Non-Independent Non-Executive Director)</li></ol> <p>The Terms of Reference of NRC delineates the roles and responsibilities of the NRC in relation to remuneration matters is available on the Company's website at <a href="http://www.citranusaholdings.com">www.citranusaholdings.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed disclosure on a named basis for the remuneration of individual directors is in the table below.

N o	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allo wan ce	Sala ry	Bon us	Ben efits -in-k ind	Othe r emol ume nts	Total	Fee	Allo wan ce	Sala ry	Bon us	Ben efits -in-k ind	Other emolum ents	Total
1	Koh How Loon	Executive Director	-	12.4	120	23.5	-	19.6	175.5	-	52.2	504	98.5	17.4	80.2	752.3
2	Chew Boon Swee	Executive Director	-	-	-	-	-	-	-	-	9	353	-	21.2	114.9	498.1
3	Dato' Koh Peng Chor	Non-Executive Director	204	11.0	-	-	16.1	-	231.1	204	11.0	-	-	16.1	-	231.1
4	Yee Kee Bing	Non-Executive Director	48	3.0	-	-	-	-	51	48	3.0	-	-	-	-	51
5	Dr. Ch'ng Huck Khoon	Independent Director	48	7.0	-	-	-	-	55	48	7.0	-	-	-	-	55
6	Lim Lean Eng	Independent Director	48	6.0	-	-	-	-	54	48	6.0	-	-	-	-	54

**Intended Outcome**

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

**Practice 8.2**

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

<b>Application</b>	:	Not applicable - all members of senior management are members of the board	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The detailed remuneration of each member of senior management on a named basis is in the table below.

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Koh How Loon	Group CEO	504	52.2	98.5	17.4	80.2	752.3
2	Chew Boon Swee	CEO, Manufacturing Segment	353	9	-	21.2	114.9	498.1

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is chaired by an Independent Director, Mr. Lim Lean Eng. Meanwhile the Chairman of the Board is Dato' Koh Peng Chor.</p> <p>As such, the Chairman of the Audit Committee is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.</p> <p>The Chairman of the Audit Committee is a fellow member of the Association of Chartered Certified Accountants (ACCA). The possession of sound financial understanding and experience equips the Chairman of the Audit Committee with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit.</p> <p>The duties and responsibilities of the Chairman of the Audit Committee are outlined in its Terms of Reference of the Audit Committee, which is available on the Company's website at <a href="http://www.citranusaholdings.com">www.citranusaholdings.com</a></p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee comprises three (3) members, all who are Non-Executive Directors and with a majority being independent. At present, none of the Audit Committee members were former key audit partners of the Company's external auditors.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the Audit Committee has incorporated a policy stipulation that governs the appointment of a former key audit partner to the Audit Committee.</p> <p>The policy, which is codified in the Audit Committee's Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least three (3) years before he can be considered for appointment as an Audit Committee member.</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is responsible for assessing the capabilities and independence of the external auditors and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditors.</p> <p>Under its Terms of Reference, the Audit Committee reviews the suitability, objectivity and independence of the external auditors of the Company on an annual basis. The review process covers the assessment of the independence of the external auditors, the evaluation of the external auditors' performance, quality of work, audit fees and the adequacy of resources.</p> <p>During the financial year, the Audit Committee evaluated the new external auditors namely PCCO PLT ("PCCO") by considering their qualification, credentials, reputation and experience prior to official engagement. Subsequently, the AC recommended to the Board for approval for the appointment of PCCO as the new external auditors of the Company for the financial year ended 31 December 2021.</p> <p>The Audit Committee was further assured by PCCO that its personnel were and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditors, the Audit Committee made its recommendations to the Board on the re-appointment of the external auditors alongside the accompanying audit fees.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	The Board, through the NRC, is currently reviewing the selection of Independent Non-Executive Directors to be appointed to the Board. The candidate once identified, will be considered as an additional member of the Audit Committee. The composition of the Audit Committee will be changed to comprised solely of Independent Directors.



### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Audit Committee comprises three (3) members as follows:</p> <ol style="list-style-type: none"><li>1. Lim Lean Eng – Chairman (Independent Non-Executive Director)</li><li>2. Dr. Ch'ng Huck Khoon (Independent Non-Executive Director)</li><li>3. Dato' Koh Peng Chor (Non-Independent Non-Executive Director)</li></ol> <p>Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties. All members of the Audit Committee are financially literate, whilst the Chairman of the Audit Committee is a fellow member of the ACCA and thus, fulfilling paragraph 15.09(1)(c) of MMLR, which calls for one member of the audit committee to be a member of a professional accountancy body.</p> <p>All members of the Audit Committee have undertaken continuous development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. In 2021, the Audit Committee members had attended a number of training courses. Details of their training can be seen on page 30 of the Annual Report for 2021.</p> <p>All Audit Committee members are aware of the need to continuously develop and increase their knowledge in the area of accounting and auditing standards considering the frequent change and development in the aforesaid area. The members of the Audit Committee had continuously been briefed on the relevant changes in the financial reporting standards by the External Auditors at the Audit Committee quarterly meetings.</p>

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

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has established the necessary risk and internal control infrastructure encompassing the risk assessment, internal control measures and reporting function to instil the appropriate discipline to continuously improve risk management and internal control capabilities  Details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control, which is on pages 35 to 37 of the Company's Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.2

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>Risk assessment, monitoring and review of the various risks faced by the Group are continuous processes within the key operating units, with the Risk Management Committee playing a pivotal oversight function as delegated by the Board of Directors.</p> <p>The Board has received assurance from the Group CEO and Senior Manager, Finance &amp; Treasury that the Group's risk management and internal control system is operating adequately and effectively, in all materials aspects, during the financial year under review.</p> <p>Details of the features of risk management and internal control framework and the adequacy and effectiveness of the framework are contained in the Statement of Risk Management and Internal Control which is on pages 35 to 37 of the Company's Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.3 - Step Up

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee ("RMC") comprises a majority of Independent Non-Executive Directors to oversee the Company's risk management framework and policies. The members of the RMC is outlined below:</p> <ol style="list-style-type: none"><li>1. Dr. Ch'ng Huck Khoo – Chairman (Independent Non-Executive Director)</li><li>2. Lim Lean Eng (Independent Non-Executive Director)</li><li>3. Koh How Loon (Group CEO)</li></ol> <p>The Board has adopted the Terms of Reference of the RMC which is available on the Company's website at <a href="http://www.citranusaholdings.com">www.citranusaholdings.com</a></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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is carried out by the Internal Audit Department ("IAD") which reports directly to the Audit Committee and has direct access to the Board through the Chairman of the Audit Committee and is independent of the activities it audits. IAD's authority, scope and responsibilities are governed by an Internal Audit Charter which is approved by the Audit Committee.</p> <p>The Audit Committee reviews and subsequently approves the Annual Audit Plan and ensures IAD is accorded with appropriate standing, resources and authority to facilitate the discharge of their duties.</p> <p>Comprehensive audits of the practices, procedures, expenditure and internal controls of all business units and subsidiaries are undertaken on a regular basis. IAD provides assurance and recommendations to the Audit Committee on the Group's risk management and internal control systems.</p> <p>The Audit Committee has access to the Head of IAD and is able to discuss significant internal audit matters in private, if required.</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 11.2

The board should disclose—

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Charter states that IAD personnel shall have impartial, unbiased attitude and avoid conflicts of interest in carrying out their duties. If independence or objectivity is impaired in fact or appearance, the details of the impairment should be disclosed to the Audit Committee. The Head of IAD, along with other internal audit personnel are free from any family relationships with any Directors and/or major shareholders and do not have any conflict of interest with the Group.</p> <p>IAD adopts a risk-based methodology in planning and conducting audits by focusing on key risk areas and activities that are aligned with the Group's strategic plans. Internal audit function is carried out according to the International Professional Practices Framework (IPPF) where applicable.</p> <p>The Audit Committee reviews and approves the IAD budget and human resource requirements to ensure that the function is adequately resourced.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

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

**Practice 12.1**

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>As stewards of the Company, Directors are accountable to shareholders as well as other stakeholders of the Company for the performance and operations of the Company. As such, the Board endeavours to ensure that communication with stakeholders is conducted in a regular and forthcoming manner.</p> <p>The Board aims to maintain a positive relationship with the different group of stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby, enabling investors to make informed decisions in valuing the Company's shares.</p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through the Annual Report, announcements to Bursa Malaysia Securities Berhad, media releases, AGM, and the Group website.</p> <p>The Thirty-Second Annual General Meeting ("32<sup>st</sup> AGM") of CNH was conducted on a fully virtual basis on 11 May 2021. Active participation by the shareholders was encouraged during the AGM in which an online platform was made available to the shareholders to raise questions relevant to the AGM agenda and appropriate response and clarification were promptly provided by the Board / Management to the shareholders.</p> <p>The Company will continue to leverage on technology to broaden its channel of dissemination of information, enhance the quality of engagement with its shareholders and facilitate further participation of shareholders at the Company's general meetings as well as promote environmental sustainability and cost efficiency.</p> <p>In line with the Securities Commission Malaysia's Guidance and Frequently Asked and Questions on the Conduct of General Meetings for Listed Issuers, the Company will continue to implement remote</p>

	shareholders' participation and online voting at the 33rd AGM by leveraging on technology in accordance with the Companies Act 2016 and the Company's Constitution.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board recognises the AGM as an invaluable platform for shareholders to engage both the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall performance of the Group. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>In this regard, the notice of the AGM is given to the shareholders at 25 days prior to the meeting. This goes above and beyond Section 316(2) of Companies Act 2016 and paragraph 7.15 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad which call for a 21-days' notice period for public companies or listed issuers respectively.</p> <p>The notice for AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p> <p>An Administrative Guide which furnished useful information regarding the conduct of the AGM together with the explanatory guide on remote participation and voting were circulated to the shareholders together with the Notice of the AGM.</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>	:		
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**Intended Outcome**

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

**Practice 13.2**

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>The Board acknowledges its responsibility to engage shareholders and provide meaningful responses to their questions. In demonstrating this commitment to shareholders, all Directors have attended the previous AGMs. This is aided by ensuring any general meeting is scheduled in advance to ensure full attendance of the Board.</p> <p>The Chairman of the Board encourages shareholders' active participation during AGMs and other general meetings by giving sufficient time to the floor during the questions and answers session.</p> <p>The Chairmen of respective Committees were present to facilitate discussions and address any questions shareholders may have on matters that fall under the purview of the Committees.</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**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the Securities Commission Guidance Note, the Thirty-Second Annual General Meeting ("32nd AGM") of CNH was conducted on 11 May 2021 via a fully virtual basis through video conferencing and online remote voting via Remote Participation &amp; Voting ("RPV") facilities which were available on the Company's website at <a href="https://cni.my/agm">https://cni.my/agm</a></p> <p>An Administrative Guide which furnished useful information regarding the conduct of the AGM together with the explanatory guide on remote participation and voting were circulated to the shareholders together with the Notice of the AGM.</p> <p>The remote voting at the 32nd AGM commenced when the Chairman called for the poll to be opened until the time the Chairman announced the end of the voting session. The Poll Administrator briefed the shareholders on the online remote voting procedures.</p> <p>The Scrutineers upon verification of the poll results announced the results for each resolution, which included votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. Poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. Minutes of the 32nd AGM were also made available on the Company's website.</p> <p>The Company had undertaken security measures to prevent cyber threats and data breach.</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

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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 32nd AGM was held virtually via online platform, the Board shared with the shareholders on the Company's previous year financial performance as well as prospects.</p> <p>The shareholders were allowed to ask or raise questions to the Board via Remote Participation and Voting (RPV) facilities during the AGM.</p> <p>All the questions were responded to by the Chairman and Executive Directors before the commencement of the poll voting.</p> <p>In the event that the questions were not answered, the Company would ensure that a written reply via email is provided to the shareholders after the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<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>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	In the interest of safety and health of shareholders, the Board of Directors and employees of the Company, the 32nd AGM of CNH was hosted virtually.  The Remote Participation and Voting (RPV) facilities (online) allows the shareholders to ask their questions during the AGM.  All the questions were responded to by the Chairman and Executive Directors before the commencement of the poll voting.  The questions and answers were not made visible to all the shareholders participating via RPV facilities.
	:	The Board will however, ensure that this practice is adopted in 2022
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Minutes of the general meeting had been and will be made available to the Company's website within the stipulated time frame.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT 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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