

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5104
COMPANY NAME : CNI Holdings Berhad
FINANCIAL YEAR : December 31, 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 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.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<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 in 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 report 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, Nomination and Remuneration Committee, and Risk Management Committee</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</p>

	<p>throughout the Group, the benefits of which are believed to translate into better corporate performance. A report on sustainability activities, demonstrating the Group's commitment to the economic, environment and social appears in the Sustainability Statement of this Annual Report.</p> <p>In view of the continued challenging operating environment amid the impact of the Coronavirus Disease 2019 ("COVID-19") pandemic, it brings to the fore the importance of a resilient Board leadership where focus is placed on facilitating recovery and adaptation of the current impact of the COVID-19 pandemic to the business.</p> <p>The Board's oversight role will focus on continuing to build a resilient organisation while also laying the foundations for our future success. The Board has a responsibility to drive long-term value across a broader group of stakeholders and shareholders, instilling a culture of continuous change and developing talent to drive organisational transformation in a post-COVID-19 world.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<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">a) Managing Board meetings to ensure robust decision making;b) Building a high performance Board;c) Managing Board and/or Management interface by acting as the conduit between Management and the Board; andd) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole. <p>The Chairman together with the Company Secretary sets the agenda of each Board Meeting. He ensures that Directors receives 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 sufficient amount of time during the questions and answer session.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	: Applied
Explanation on application of the practice	<p>The Company Secretary of CNI 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 year 2005. Madam Chin has more than 18 years of experience in corporate secretarial practices.</p> <p>The Company Secretary is responsible in 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>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<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 meeting 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>CNI 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 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.</p>

	<p>The deliberations and decision at the Board and Board Committee meetings are well documented in the minutes of meetings including matters where Directors' abstained from voting or deliberations. 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>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<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"> • Board structure and composition • Authorities of the Board • Roles and responsibilities of the Board, Chairman, Directors and Management • Matters reserved for the Board • Board Meetings • Board Committees • Company Secretary • Stakeholders’ Communication • General Meeting <p>The Board Charter is made available on the Company’s website at www.cniholdings.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.1

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

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

Application	: Applied
Explanation on application of the practice	<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 CNI 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's 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 CNI.</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 the</p>

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

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<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 www.cniholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure															
Explanation on application of the practice	:																
Explanation for departure	:	<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">1. Dr. Ch'ng Huck Khoon2. Lim Lean Eng <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 current Board composition is as follows:</p> <table border="1"><thead><tr><th>Designation</th><th>No. of Directors</th><th>%</th></tr></thead><tbody><tr><td>Executive Directors</td><td>2</td><td>33.3</td></tr><tr><td>Non-Independent Non-Executive Directors</td><td>2</td><td>33.3</td></tr><tr><td>Independent Non-Executive Directors</td><td>2</td><td>33.4</td></tr><tr><td>Total</td><td>6</td><td>100.00</td></tr></tbody></table> <p>The Board is mindful that the Board does not comprise at least half of Independent Directors.</p> <p>The Board believe that the existing Independent Directors can act as a 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 decision were made in the best interest of the Company.</p>	Designation	No. of Directors	%	Executive Directors	2	33.3	Non-Independent Non-Executive Directors	2	33.3	Independent Non-Executive Directors	2	33.4	Total	6	100.00
Designation	No. of Directors	%															
Executive Directors	2	33.3															
Non-Independent Non-Executive Directors	2	33.3															
Independent Non-Executive Directors	2	33.4															
Total	6	100.00															

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

Measure	:	The Board, through the Nomination and Remuneration Committee, is currently reviewing the selection of Independent Non-Executive Directors to be appointed to the Board.	
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Two Tier Voting
Explanation on application of the practice	:	<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 and 9 years respectively.</p> <p>The Board recommends that shareholders' approval be sought at the forthcoming AGM for Mr. Lim Lean Eng through a "two-tier" voting process and Dr. Ch'ng Huck Khoon 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 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 provided an independent voice on the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed in 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 CNI 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 Nomination and Remuneration Committee (“NRC”) is responsible to lead 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"> • Required skills, knowledge, expertise and experience; • Time commitment, character, professionalism and integrity; • Ability to work cohesively with other members of the Board; • Specialist knowledge or technical skills in line with the Group’s strategy; • Diversity in age, gender and experience/background; and • Number of directorships in companies outside the Group.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges that the recommendation of the MCGG on the establishment of gender diversity policy. There is no plan by the Board to implement a gender diversity policy or targets, as the Board adheres to the practice of non-discrimination of any form, whether based on age, gender, ethnicity or religion throughout the Group. This includes the selection of Board members and senior management.</p> <p>In addition, the Group believes that it is of utmost importance that the Board comprises the best qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure the Board functions effectively and is able to discharge its duties in the best interests of the Company and shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee (“NRC”) is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the NRC leverages on several sources and gain 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 evaluating potential candidates, the NRC will assess directorship suitability based on objective criteria, including:</p> <ul style="list-style-type: none"> • Required skills, knowledge, expertise and experience; • Time commitment, character, professionalism and integrity; • Ability to work cohesively with other members of the Board; • Specialist knowledge or technical skills in line with the Group’s strategy; • Diversity in age, gender and experience/background; and • Number of directorships in companies outside the Group. <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>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee (“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 www.cniholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has entrusted the Nomination and Remuneration Committee (“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, possess 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 2020 was conducted internally, facilitated by the Company Secretary. The annual assessment was conducted using KPI review form that was administered by the Company Secretary which employ 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 indentified in the review.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee ("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 www.cniholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committee ("NRC") comprises a majority of Independent Directors.</p> <p>The membership of the NRC is outlined below:</p> <ol style="list-style-type: none">1. Dr. Ch'ng Huck Khoo – Chairman (Independent Non-Executive Director)2. Lim Lean Eng (Independent Non-Executive Director)3. Dato' Koh Peng Chor (Non-Independent Non-Executive Director) <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 www.cniholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board aims to set remuneration at levels which are sufficient to attract and retain the Directors and Senior Management needed to run the Group successfully, taking into consideration their experience, knowledge, extent of responsibility and individual performance, including the performance of the Group and prevailing market and industry statistics.</p> <p>The remuneration of Non-Executive Directors is reviewed and recommended for approval by the shareholders at the AGM of the Company, as prescribed by the Company's Constitution and the Companies Act 2016.</p> <p>Details of the remuneration of each Director (both the Company and the Group) who served during the financial year ended 31 December 2020 is disclosed in the CG Overview Statement in the Annual Report 2020.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Not applicable - Step Up 7.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Adopted																					
Explanation on adoption of the practice	:	<p>The Board has determined that the Senior Management comprising the CEO of the Company and its subsidiaries and who are primarily responsible for the business operations of the Group's core business.</p> <p>The detailed remuneration on a named basis of the Senior Management is set out in the table below:</p> <table border="1"><thead><tr><th>Name</th><th>Fees (RM)</th><th>Salaries (RM)</th><th>Allowances (RM)</th><th>Retirement benefits (RM)</th><th>Benefits-in-kind (RM)</th><th>Total (RM)</th></tr></thead><tbody><tr><td>Koh How Loon</td><td>-</td><td>472,097</td><td>38,068</td><td>-</td><td>21,250</td><td>531,397</td></tr><tr><td>Chew Boon Swee</td><td>12,766</td><td>446,527</td><td>50,400</td><td>39,767</td><td>21,250</td><td>570,710</td></tr></tbody></table>	Name	Fees (RM)	Salaries (RM)	Allowances (RM)	Retirement benefits (RM)	Benefits-in-kind (RM)	Total (RM)	Koh How Loon	-	472,097	38,068	-	21,250	531,397	Chew Boon Swee	12,766	446,527	50,400	39,767	21,250	570,710
Name	Fees (RM)	Salaries (RM)	Allowances (RM)	Retirement benefits (RM)	Benefits-in-kind (RM)	Total (RM)																	
Koh How Loon	-	472,097	38,068	-	21,250	531,397																	
Chew Boon Swee	12,766	446,527	50,400	39,767	21,250	570,710																	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<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 www.cniholdings.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee comprise of three (3) members, all whom 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 two (2) years before he can be considered for appointment as an Audit Committee member.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<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 met with the external auditors namely Moore Stephens Associates PLT ("MSA"), twice in the absence of the Management. The Audit Committee has also monitored and reviewed the performance and independence of MSA and is satisfied that the external auditors has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Committee.</p> <p>For the audit of the financial year ended 31 December 2020, the Audit Committee was further assured by MSA 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 on the external auditors alongside the accompanying audit fees.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Board, through the Nomination and Remuneration Committee ("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 comprise 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 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee comprises three (3) members as follows:</p> <ol style="list-style-type: none">1. Lim Lean Eng – Chairman (Independent Non-Executive Director)2. Dr. Ch'ng Huck Khoo (Independent Non-Executive Director)3. Dato' Koh Peng Chor (Non-Independent Non-Executive Director) <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 2020, the Audit Committee members had attended a number of training courses. Details of their training can be seen on pages 30 to 31 of the Annual Report for 2020.</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 member 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>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>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</p> <p>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 34 to 37 of the Company’s Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<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 & 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 34 to 37 of the Company’s Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management Committee ("RMC") comprises 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">1. Dr. Ch'ng Huck Khoon – Chairman (Independent Non-Executive Director)2. Lim Lean Eng (Independent Non-Executive Director)3. Koh How Loon (Group CEO) <p>The Board has adopted the Terms of Reference of the RMC which is available on the Company's website at www.cniholdings.com.my.</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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is carried out by the Internal Audit Department (“IAD”) of CNI 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<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 shareholder 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 risks 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application :	Applied
Explanation on application of the practice :	<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-First Annual General Meeting ("31st AGM") of CNI was conducted on a fully virtual basis on 16 July 2020. 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>CNI 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, CNI will continue to implement remote</p>

	shareholders' participation and online voting at the 32 nd AGM by leveraging on technology in accordance with the Companies Act 2016 and the Company's Constitution.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board would like to allow an advocacy period for the awareness of integrated reporting to be better appreciated by Management personnel before it is adopted. At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions.	
		The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as Management and Discussion Analysis, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control form an integral part of the non-financial information.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will endeavour to be ready to adopt integrated reporting based on a globally recognised framework if it is made mandatory in the future.	
Timeframe	:	Others	A prescribed period when the requirement is made mandatory in Malaysia.

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<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 least 28 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 12.2

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

Application	:	Applied								
Explanation on application of the practice	:	<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 the Board Committees of the Company are as follows:</p> <table border="1" data-bbox="544 1057 1370 1335"> <thead> <tr> <th>Board Committees</th> <th>Chairman</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>Mr. Lim Lean Eng</td> </tr> <tr> <td>Nomination and Remuneration Committee</td> <td>Dr. Ch'ng Huck Khoon</td> </tr> <tr> <td>Risk Management Committee</td> <td>Dr. Ch'ng Huck Khoon</td> </tr> </tbody> </table> <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>	Board Committees	Chairman	Audit Committee	Mr. Lim Lean Eng	Nomination and Remuneration Committee	Dr. Ch'ng Huck Khoon	Risk Management Committee	Dr. Ch'ng Huck Khoon
Board Committees	Chairman									
Audit Committee	Mr. Lim Lean Eng									
Nomination and Remuneration Committee	Dr. Ch'ng Huck Khoon									
Risk Management Committee	Dr. Ch'ng Huck Khoon									
Explanation for departure	:									
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>										
Measure	:									
Timeframe	:									

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the Securities Commission Guidance Note, the Thirty-First Annual General Meeting ("31st AGM") of CNI was conducted on 16 July 2020 via a fully virtual basis through live broadcast and online remote voting via Remote Participation & Voting ("RPV") facilities which were available on the Company's website at https://cni.my/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> <p>The remote voting at the 31st AGM commenced from the Chairman called for the poll 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. To poll results were also announced by CNI via Bursa LINK on the same day for the benefit of all shareholders. Minutes of the 31st AGM were also made available on the Company's website.</p> <p>CNI will continue to leverage on technology to enable remote shareholders' participation and online remote voting (or voting in absentia) at the 32nd AGM in accordance with Section 327(1) and (2) of the Companies Act 2016 and Article 72.1 of the Company's Constitution. Shareholders who attend the 32nd AGM via remote participation are encouraged to raise questions during the meeting in order to enhance the efficiency of the proceedings of the 32nd AGM.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

**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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