

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7076
COMPANY NAME : CB Industrial Product Holding Ber had
FINANCIAL YEAR : December 31, 2019

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 TO THE 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 2017

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	:	<ul style="list-style-type: none"> • The Group is headed by a Board who leads and has implemented effective controls over the Group's activities whereby collective decisions and/or close monitoring are exercised on issues relating to strategy, performance, resources, standard of conduct and financial matters. The matters reserved for the collective decision of the Board are listed in the Board Charter of the Company which is available on the corporate website. • The Board has delegated the day-to-day management of the Group to the Executive Directors and the senior management team and specific responsibilities to the Board Committees. • The Board's principal responsibilities include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, developing, business strategies and other related matters. <p>The roles and responsibilities of the Board are set out in the Board Charter while the Board Committees' roles and responsibilities in discharging its functions which had been delegated by the Board are set out in each of the respective Board Committees' Terms of Reference.</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 :	The Board is led by an Independent Non-Executive Chairman, Tan Sri Datuk Dr. Yusof Bin Basiran. The Chairman is committed to good corporate governance practices and has been leading the Board towards culture of high performance. As provided under the Company's Board Charter, the Chairman is responsible for, among others: a. leading the Board in setting the core values and standards of the Company; b. maintaining a relationship of trust with and between the Executive and Non-Executive Directors; c. ensuring the provision of accurate, timely and clear information to Directors; d. ensuring effective communication with the shareholders and relevant stakeholders; e. overseeing and facilitating the evaluation of the performance of the Board, its Committees and individual Directors; f. facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations are maintained between Executive and Non-Executive Directors; and g. facilitating the ongoing development of all Directors.	
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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Managing Director ("MD") are held by different individuals to ensure balance of power, accountability and division of roles and responsibilities of the Board and Management of the Company's business and operation. The role of the Chairman is distinguished from that of the MD's role with clear division of responsibilities as outlined in the Company's Board Charter.</p> <p>The Chairman is primarily responsible for matters pertaining to the Board and the overall conduct of the Group and is committed to good corporate governance practices and has been leading the Board towards high performing culture while the MD is responsible for the implementation of board policies and decisions approved by the Board and he is obliged to report to the Board at Board Meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory development which might have an impact on the daily operation. All decisions of the Board are made unanimously or be consensus. The Board is satisfied and assured that no individual or group of Directors has unfettered power of decision that could create a potential conflict of interest.</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 Group is supported by two Company Secretaries who are qualified to act as secretary under Section 235(2) of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretaries include, but are not limited to the following:</p> <ul style="list-style-type: none">• manage all Board and Committee meetings, attend and record minutes of all Board and committee meetings and facilitate Board communications;• guide the Board on its roles and responsibilities;• guide the Board on corporate disclosures and compliance with Listing Requirements, Company's Constitution, Companies Act 2016 and other relevant rules and regulations; and• monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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 Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis for an effective discharge of the Board's responsibilities.</p> <p>Procedures have been established for timely dissemination of meeting papers at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by Directors and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.</p> <p>Deliberations and decisions made at Board and Board Committees meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation. The minutes are then circulated to the Directors and Board Committees members for perusal. The minutes are confirmed as correct record by the Board and Board Committees at the following meeting.</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 clearly sets out the Board's roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter, which is periodically reviewed by the Board to be in line with regulatory changes, was last reviewed and approved by the Board on 22 November 2018. The updated version of the Board Charter is available on the Company's website.</p> <p>To enhance accountability, the Board has established clear functions reserved for the Board, Board Committees, individual Directors and Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands.</p> <p>The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, Board Chairman, Board Committees, Executive Directors and Non-Executive Directors as well as the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company.</p> <p>The Board Charter is periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have impact on the Board's responsibilities in discharging its governance function.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application :	Applied	
Explanation on application of the practice :	The Group is committed to achieving and monitoring high standards pertaining to behaviour at work. The Board adhered strictly to the Corporate Code of Business Conduct and Work Ethics Policy for Directors. Senior Management and Employees ("Corporate Code") in discharging its oversight role effectively. The Corporate Code require all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders. The Corporate Code is available on the Company's website.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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 for the Group as a measure to promote the highest standard of corporate governance and transparency. The Whistleblower Policy outlines the avenues for Directors, employees and stakeholders to raise concerns or disclose in good faith for any improper conduct within the Group and to enable prompt corrective actions and measures to resolve them effectively.</p> <p>Any party who has reasonable belief that there is serious malpractice relating to the matter disclosed, may direct such complaint and report to the Senior Independent Non-Executive Director, who is the Chairman of the Audit Committee, in writing. Management will ensure that any employees of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.</p> <p>The Whistleblower Policy is available on the Company’s websites.</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 4.1

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

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	<p>The Company is not a Large Company as defined by the Malaysian Code on Corporate Governance 2017 (“the Code”). The Board currently consists of seven (7) members, three (3) of which are Independent Non-Executive Directors and constituting less than half of the Independent Directors after the resignation of one Independent Non-Executive Director on 1 December 2019.</p> <p>The Board acknowledges and takes cognisance of the recommendation of this Practice which requires at least half of the Board to be Independent Directors. Nevertheless, the Board is of the view that the current composition of the Board with diverse background in various fields provides a reasonable check and balance within the Board, which sufficiently enables it to discharge its duties objectively.</p> <p>The Company’s Independent Non-Executive Directors remain in a position of fulfilling their responsibility to ensure an effective check and balance on the Board to safeguard the interest of the minority shareholders. The Board is of the opinion that this deviation from the recommendation of the Code will not significantly impair the corporate governance framework of the Company and that the Board’s decisions are made objectivity with adequate independent supervision. Despite the above, the Board will continue to search for suitably qualified personnel to increase the representation of the Independent Directors on the Board.</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 4.2

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	:	Tan Sri Datuk Dr. Yusof Bin Basiran and Mr Wong Chee Beng have each served as Independent Director for a period exceeding twelve (12) years and will be subject to re-appointment through a two-tier voting process at the forthcoming Twenty- Third Annual General Meeting ("23 rd AGM"). The justification for retaining Tan Sri Datuk Dr. Yusof Bin Basiran and Mr Wong Chee Beng are set out on Page 48 of the Annual Report 2019.
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 4.3 - 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 Group had adopted a policy of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, in the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. Notwithstanding the challenges in achieving the appropriate level of diversity on the Board, the Board is continuing to work towards addressing this matter as and when vacancies arise and suitable candidates are identified. The Company's prime responsibility in new appointments is always to select the best candidates available.</p> <p>On Senior Management level, the Board will endeavour to achieve the diversity at this level as and when the need arises. The Board would consider the appointment of female candidate to Senior Management.</p> <p>Currently, there is one female Director on the Board and one female representation at the Senior Management level.</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 4.5

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	:	Applied	
Explanation on application of the practice	:	<p>Presently, there is one (1) female director on the Board out of a total of seven (7) Directors.</p> <p>The Board has adopted a Diversity Policy and will through the Nomination and Remuneration Committee consider gender diversity as part of its future selection of candidates for Board and Senior Management positions and will look into increasing female representation on Board and Senior Management.</p> <p>The Board Diversity Policy is published on the Company's website.</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 4.6

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”) will evaluate the balance of skill, knowledge, experience, gender, independent elements and diversity on the Board, and the current and future needs and size of the Board before any new appointment.</p> <p>In identifying the candidates for appointment to the Board, other than solely relying on the recommendations from existing Board members, Management and/or Major Shareholder, the NRC will also explore independent sources to identify suitably qualified candidates.</p> <p>In considering new appointment to the Board, the NRC takes into consideration the diversity of the Board, in terms of gender, age, ethnic, professionalism, skill, background, character, competence and integrity.</p> <p>Ms Karpanadevi A/P K R Somasundram was appointed to the Board on 14 November 2019 as an Independent Non-Executive Director as recommended by an independence source, the Malaysian Alliance of Corporate Directors.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination and Remuneration Committee ("NRC") was formed on 24 August 2018 based on the merger of the Nomination Committee and Remuneration Committee. Ms Karpanadevi A/P K R Somasundram, an independent Non-Executive Director, was appointed to the chair of NRC.	
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 Nomination and Remuneration Committee (“NRC”) carries out an evaluation process annually to assess the effectiveness of the Board Committees and the Board as a whole and to assess the contribution of each individual Directors. The Directors are to complete a questionnaire regarding the effectiveness of the Board and an assessment of their own performance. The assessment and comments by all Directors are then summarised and discussed at the NRC meeting and reported at a Board Meeting.</p> <p>For the financial year ended 31 December 2019, the NRC has assessed the effectiveness of the Board as a whole, the Board, contribution of each Directors and Independence of each Independent Director.</p> <p>From the results of the assessment, the NRC concluded that each Director has the requisite competence to serve on the Board and had sufficiently demonstrated their commitment to the Group in terms of time and participation during the year under review, and had recommended to the Board the re-election of retiring Board Directors at the Company’s forthcoming Annual General Meeting.</p> <p>In addition, the NRC had reviewed the terms of office of the Audit Committee (“AC”) and each member of the AC as well as financial literacy of the AC members and was of the opinion that the AC had discharged their duties and obligation effectively.</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

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 Company has in place a Group Remuneration Policy for Directors and Senior Management to ensure that the Company's remuneration package remains supportive of the Company's corporate objectives and is aligned with the interest of shareholders and further that the remuneration packages of Directors and Key Senior Management are sufficiently attractive to attract and to retain persons of high calibre.</p> <p>The remuneration package of the Non-Executive Directors is in the form of annual Directors' fee, meeting allowances and other emoluments which reflect the diverse experience, skill set and level of responsibilities expected of the Independent Non-Executive Directors concerned.</p> <p>The remuneration of each Executive Director is structured to reflect his experience, scope of responsibilities and performance against the key performance indicators ("KPI") tailored to the business segment of respective Executive Director as well as overall performance of the Group.</p> <p>The remuneration package of the Senior Management is in the form of salary, benefit-in-kind and performance based bonus against their KPI.</p> <p>The Group Remuneration Policy is available on the Company's website.</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

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 Board has established a Nomination and Remuneration Committee ("NRC") which comprised exclusively of Non-Executive Directors.</p> <p>The NRC reviews and recommends to the Board annually the Board's remuneration packages and/or reward payments that reflect their respective contributions for the year, achievement of each division's goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.</p> <p>The NRC is governed by written Terms of Reference which deals with its authority and duties are available on the Company's website.</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 aggregate remuneration paid or payable to all Directors of the Company during the financial year 2019 is listed on named basis with the detailed remuneration breakdown as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Director</th> <th colspan="2">Company</th> <th colspan="3">Group</th> </tr> <tr> <th>Fee (RM'000)</th> <th>Other Emoluments and BIK^v (RM'000)</th> <th>Fee (RM'000)</th> <th>Other Emoluments and BIK^v (RM'000)</th> <th>Defined Contribution Plan (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Executive Directors*</td> </tr> <tr> <td>Datuk Lim Chai Beng</td> <td>-</td> <td>29</td> <td>56</td> <td>1,152</td> <td>60</td> </tr> <tr> <td>Y.D.M. Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah</td> <td>-</td> <td>29</td> <td>72</td> <td>466</td> <td>43</td> </tr> <tr> <td>Mak Chee Meng</td> <td>-</td> <td>32</td> <td>6</td> <td>576</td> <td>32</td> </tr> <tr> <td colspan="6">Non-Executive Directors</td> </tr> <tr> <td>Tan Sri Datuk Dr. Yusof Bin Basiran</td> <td>87</td> <td>62</td> <td>87</td> <td>62</td> <td>-</td> </tr> <tr> <td>Wong Chee Beng</td> <td>53</td> <td>30</td> <td>53</td> <td>30</td> <td>-</td> </tr> <tr> <td>Lim Chai Huat</td> <td>49</td> <td>30</td> <td>49</td> <td>30</td> <td>-</td> </tr> <tr> <td>Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab[#]</td> <td>45</td> <td>24</td> <td>45</td> <td>24</td> <td>-</td> </tr> <tr> <td>Karpanadevi A/P K R Somasundram[^]</td> <td>6</td> <td>1</td> <td>6</td> <td>1</td> <td>-</td> </tr> </tbody> </table> <p><i>*The remuneration paid to the Executives Directors were in respect of their employment with the Company/Group.</i> <i>#Datuk Mohammad Nageeb Bin Ahmad Abdul Wahab resigned on 1 December 2019.</i> <i>^Karpanadevi A/P K R Somasundaram was appointed to the Board on 14 November 2019.</i> <i>^vOther emolument and BIK consists of salary, allowance and benefits-in-kind.</i></p>	Director	Company		Group			Fee (RM'000)	Other Emoluments and BIK ^v (RM'000)	Fee (RM'000)	Other Emoluments and BIK ^v (RM'000)	Defined Contribution Plan (RM'000)	Executive Directors*						Datuk Lim Chai Beng	-	29	56	1,152	60	Y.D.M. Tengku Dato' Ardy Esfandiari Bin Tengku Abdul Hamid Shah	-	29	72	466	43	Mak Chee Meng	-	32	6	576	32	Non-Executive Directors						Tan Sri Datuk Dr. Yusof Bin Basiran	87	62	87	62	-	Wong Chee Beng	53	30	53	30	-	Lim Chai Huat	49	30	49	30	-	Datuk Mohamad Nageeb Bin Ahmad Abdul Wahab [#]	45	24	45	24	-	Karpanadevi A/P K R Somasundram [^]	6	1	6	1	-
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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	:	Departure										
Explanation on application of the practice	:											
Explanation for departure	:	<p>With the disclosure of the remuneration of the top five Senior Management on named basis, the Board is concerned that the top named five Senior Management personnel might run the risk of being approached by the Company's competitors.</p> <p>The Board considered the information of the remuneration of the Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents.</p> <p>The top five Senior Management's remuneration have been disclosed on no named basis in bands of RM50,000 under the Corporate Governance Overview Statement in the Company's Annual Report 2019 as follows:-</p> <table border="1"><thead><tr><th>Range of Remuneration</th><th>Top Five Senior Management</th></tr></thead><tbody><tr><td>RM350,001 to RM400,000</td><td>2</td></tr><tr><td>RM450,001 to RM500,000</td><td>1</td></tr><tr><td>RM600,001 to RM650,000</td><td>1</td></tr><tr><td>RM850,001 to RM900,000</td><td>1</td></tr></tbody></table>	Range of Remuneration	Top Five Senior Management	RM350,001 to RM400,000	2	RM450,001 to RM500,000	1	RM600,001 to RM650,000	1	RM850,001 to RM900,000	1
Range of Remuneration	Top Five Senior Management											
RM350,001 to RM400,000	2											
RM450,001 to RM500,000	1											
RM600,001 to RM650,000	1											
RM850,001 to RM900,000	1											
<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 :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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 ("AC") consisting of three (3) members and a majority of them are Independent Non-Executive Directors.</p> <p>The AC is chaired by Mr Wong Chee Beng, a Senior Independent Non-Executive Director, who is distinct from the Chairman of the Board. This is to ensure that the objectivity of the Board's view of the AC's finding and recommendation are not impaired. Profile of Mr Wong is set out on page 11 of the Annual Report 2019.</p> <p>The responsibility of the AC is outlines in the Terms of Reference of the AC, including but not limited to review the Group's risk management and internal control, financial reporting, to review the appointment and performance of the External Auditors and Internal Audit Function. The Terms of Reference of the AC is available on the Company's website.</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 Terms of Reference of the Audit Committee (“AC”) requires any member who is a former key audit partner to observe a cooling off period of at least two (2) years before appointed as a member of the AC.</p> <p>Currently, there are no former key audit partner of the External Auditors of the Company is appointed as a member of the AC.</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>An annual assessment of the competency and independence of the External Auditors was conducted by the Audit Committee ("AC") via a set of assessment questionnaire. In assessing the External Auditors' performance and suitability, the AC considered, inter-alia, the independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the External Auditors. The AC also reviews and recommends the remuneration of the External Auditors to the Board for approval.</p> <p>The AC receives assurance from the External Auditors annually confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accounts.</p> <p>Based on the outcome of the annual assessment conducted in February 2020 on the External Auditors' performance, technical competence and professional independence, the AC recommended to the Board for the re-appointment of Messrs. Crowe Malaysia PLT as the External Auditors of the Company for the financial year ending 31 December 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

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 :	

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>All members of the Audit Committee ("AC") are financial literate and assist the Board to oversee and scrutinise the process and quality of the financial reporting and ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.</p> <p>Mr Wong Chee Beng, the Chairman of AC, is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants.</p> <p>All members of the AC undertake continuous professional development and have annual discussion with the External Auditors on financial reporting development to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules.</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 had established a sound risk management and internal control framework to safeguard the Group's assets and minimise the loss and liabilities. The Board is responsible for maintaining a sound system of risk management and internal control practices. Reviewing the adequacy and integrity of the internal control system has been delegated to the Audit Committee ("AC").</p> <p>A Risk Management Committee headed by the Managing Director and comprising of the respective Heads of Subsidiaries who are responsible for managing risks related to their functions on a day-to-day basis was established as part of the Company's risk management and internal control framework.</p> <p>The detailed information on the Company's risk management and internal control are set out in the Statement on Risk Management and Internal Control included in the 2019 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>The Board recognises that identification, evaluation and management of significant risks faced by the Group is an ongoing process. Continuous reviews are carried out by the Internal Audit Function and Management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place.</p> <p>The findings of the Internal Audit Function are reported to the Audit Committee at the scheduled meeting. The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Report.</p> <p>Based on this assurance, the input from relevant assurance providers, as well as its review, the Board is of the view that the Group's risk management and internal control system is adequate and effective to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's annual report.</p> <p>The Statement on Risk Management and Internal Control included in the Annual Report 2019 provides an overview of the risk management and internal control framework adopted by the Company.</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 9.3 - 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 :	Not Adopted
Explanation on adoption of the practice :	

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 Group Internal Audit (“GIA”) Department to assist the Audit Committee (“AC”) and the Board in providing an independent assessment and objective assurance on the risk management and internal control system of the Group. The GIA Department is independent of the business activities and operation of the Group and report directly to the AC.</p> <p>During the financial year 2019, the Head of GIA Department reported directly to the AC on the outcome of its appraisal of the status of the group’s risk management and system of internal control. The internal audit reports were presented to the AC on a quarterly basis to review the audit findings and action plans taken by the Management to address the internal audit findings and issues raised in the internal audit reports, which were subsequently reported upward to the Board by the AC. The GIA Department also conduct follow-up checks to ensure Management has taken action to rectify and correct weaknesses and improve internal control process. The AC monitors and reviews the effectiveness of the internal audit activities regularly thereby ensuring that these activities contribute to the ongoing effectiveness of the Internal Audit Function.</p> <p>The summary of activities of the Internal Audit Function is set out in the Audit Committee Report of the Annual Report 2019.</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 Group Internal Audit (“GIA”) Department is staffed with 4 Internal Auditors who are free from any relationship or conflict of interest, which would impair their objectivity and independence.</p> <p>The GIA Department is headed by Mr Chua Chin Keat. He holds a Bachelor Degree with double major in Economics and Finance from RMIT University, Australia and has more than 20 years of internal audit experiences in banking, finance, franchise, agriculture, manufacturing and construction sectors. He is a member of The Institute of Internal Auditors Malaysia (IIAM).</p> <p>The GIA Department has adopted professional guides such as International Professional Practices Framework (IPPF) and COSO’s Internal Control—Integrated Framework as references during the conduct of assignments.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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 :	The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements. The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance. The Group maintains a website at www.cbip.com.my for shareholders and the public to access information on, amongst others, the Group's background and products, investor relation matters, etc. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone or write to the Senior Independent Director.	
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 Company does not fall under the category of "Large Companies" as defined in the Malaysian Code on Corporate Governance.	
		Not applicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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>In 2019, the Notice of 22nd Annual General Meeting (“AGM”) was sent to the shareholders 28 days before the AGM, in advance of the 21-day requirement under the Company’s Constitution, the Companies Act, 2016 and the Listing Requirements, which provided additional time for the shareholders to make the necessary arrangements to attend and participate in person or by corporate representatives or proxies, and consider the resolutions that will be discussed and decided at the AGM.</p> <p>The Company also provides details of the AGM to the shareholders in regard to the eligibility of the shareholders, their rights to appoint proxies and other relevant information pertaining to the AGM. In addition, there are explanatory notes providing detailed explanations for the resolutions to be tabled at the AGM to enable the shareholders to make informed decisions in exercising their voting rights.</p> <p>The Board noted the practices of the Malaysian Code on Corporate Governance 2017 to serve notice for AGM at least 28 days prior to the meeting and will continue to adopt this practice for the future.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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>All Directors, including the members of the Board Committees are expected to attend and participate at the Company's Annual General Meeting ("AGM").</p> <p>The Board Chairman, the Board Committees' Chairman, Chief Financial Officer and the external auditors are in attendance to answer questions raised by shareholders. At each AGM, the Head of Investor Relation will brief the shareholders on the Company's overall performance for the year under review and future prospect. There is also a "Questions and Answers" Session where the shareholders can raise queries in respect of the performance and prospect of the Company and their queries are addressed by the Board, Managing Director, Chief Financial Officer and the External Auditor where necessary.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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	:	Departure
Explanation on application of the practice		
Explanation for departure	:	<p>The Company does not have meetings in remote locations nor does it have a large number of shareholders for it to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders' participation in general meetings. It is also not cost effective nor practical for the Company to do so.</p> <p>The Company's general meetings have always been held at a venue which is easily accessible.</p> <p>Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence at general meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO THE 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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