

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5257
COMPANY NAME : CARIMIN PETROLEUM BERHAD (“CPB” or “the Company”)
FINANCIAL YEAR : June 30, 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 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 (“THE CODE”)

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 of Directors of CPB (“the Board”) is collectively responsible to oversee CPB and its subsidiaries’ (“the Group”) risk management, strategic planning, succession planning and financial and operational management to ensure that obligations to shareholders and other stakeholders are understood and met. The Board provides the necessary leadership to enable the Group’s business objectives are met within the framework of risk management and internal controls as described in the Corporate Governance Overview Statement (“CG Statement”) in the Company’s Annual Report for the financial year ended 30 June 2019 (“AR 2019”).</p> <p>The Board has also delegated certain responsibilities to the Board Committees, namely Audit Committee (“AC”), Nomination and Remuneration Committee (“NRC”) and Risk Management Committee (“RMC”), to assist in the execution of its responsibilities. The function, roles and responsibilities of the Board Committees as well as, the authorities delegated by the Board are clearly defined in the respective Terms of Reference, which are reviewed and updated as and when necessary. Further details are as disclosed in the CG Statement in the AR 2019.</p> <p>The key responsibilities of the Board are clearly defined in the Board Charter which serves as a reference point for Board activities. It is designed to provide guidance and clarity for the Directors and Management with regard to the roles of the Board and its Committees, the role of the Managing Director (“MD”), the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board’s operating practices. The Board has also adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company.</p> <p>In discharging its responsibilities, the Board is guided by the Code of Ethics and principles contained in the Code. The Directors of</p>

	<p>the Company have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly within the Group.</p> <p>A copy each of the Board Charter and Terms of Reference of the respective committees are available on the Company's corporate website at www.carimin.com.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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 Chairman of the Board, Tan Sri Dato' Kamaruzzaman Bin Shariff, holds a Non-Independent Non-Executive position and is responsible for the leadership, effectiveness, conduct and governance of the Board. The roles and responsibilities of the Chairman of the Board are clearly stated in the Board Charter which is available on CPB's corporate website at www.carimin.com.</p> <p>The responsibilities of Chairman, amongst others, including the following:-</p> <ul style="list-style-type: none"> • To provide leadership to the Board. • To oversee the effective discharge of the Board's supervisory role. • To facilitate the effective contribution of all Directors. • To conduct and chair Board meetings and general meetings of the Company. • To ensure Board meetings and general meetings are in compliance with good conduct and best practices. • To manage Board communications and Board effectiveness and effective supervision over Management. • To promote constructive and respectful relations between Board members and between the Board and the Management. • To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner. • Together with the MD, represents the Company and/or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.
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

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 MD are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman and MD are exercised by different individuals, and are clear and distinct. The Chairman of the Board, Tan Sri Dato' Kamaruzzaman Bin Shariff is a Non-Independent Non-Executive Chairman, whereas the MD is En. Mokhtar Bin Hashim.</p> <p>The Chairman's primary role is to lead and manage the Board, which would include, amongst others, leading the Board in the oversight of the management, ensuring the integrity of the corporate governance process and issues, guiding and mediating Board actions with respect to organisational priorities and governance concerns. The MD is responsible for the development and implementation of strategy, overseeing and managing the day to day operations of the Group, such as, amongst others, developing long-term strategic and short-term cash flow plans, directing and controlling all aspects of business operations, overseeing the human resources need of the Group and ensuring compliance with all governmental procedures and regulations.</p> <p>The respective duties and responsibilities of the Chairman and MD are as set out in the Board Charter.</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 corporate secretarial function of the Company is outsourced to Cospec Management Services Sdn. Bhd. ("CMS").</p> <p>The Board is supported by a qualified and competent Company Secretary nominated by CMS. She is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as qualified Company Secretary under the Malaysian Companies Act 2016. She possesses over 25 years of experience in corporate secretarial practices.</p> <p>The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.</p> <p>The Company Secretary manages the logistics of all Board, Board Committees and general meetings. She ensures minutes of all meetings are properly recorded and reflected the correct proceedings of the meetings, including whether any Director abstained from voting or deliberating on a particular matter.</p> <p>During the financial year under review, all Board and Committees meeting were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.</p> <p>The Company Secretary also keeps the Directors and Principal Officers informed of the closed period for dealings in the Company's shares.</p> <p>Overall, the Board is satisfied with the service and support rendered by the Company Secretary to the Board in the discharge of her functions.</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 1.5

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>To facilitate the Directors' time planning, an annual Board and Board Committees' meetings calendar is prepared in advance prior to the new calendar year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and Principal Officers of the Company based on the scheduled dates of announcements of the Group's quarterly results are also provided therein.</p> <p>The notice of meetings of the Board and Board Committees are sent to the Directors via emails at least five (5) working days prior to the date of the meetings. Meeting materials are also circulated to Directors at least five (5) working days in advance of the Board and Board Committee meetings to ensure that the Directors have sufficient preparation time and information to make an informed decision at each Board meeting. In some circumstances, the submission of certain meeting materials may be less than five (5) working days prior to the dates of meetings due to timing issues in collating relevant information and details.</p> <p>The deliberations and decision of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings, including whether any Director abstains from voting or deliberating on a particular matter. The draft minutes of which are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings before they are finalised and tabled at the next meeting for confirmation.</p> <p>All the records of proceedings and resolutions passed are kept at the registered office of the Company.</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 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 Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as Directors and the functions of the Board Committees.</p> <p>The Board Charter clearly sets out the roles and responsibilities, composition and balance, operation and processes of the Board. It is designed to provide guidance and clarity to Directors with regards to the respective roles and responsibilities of the Board, Board Committees, Chairman and MD, as well as issues and decisions reserved for the Board, the Board's governance structure and authority. This is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities, and the legislations and regulations affecting their conduct.</p> <p>The Board Charter was reviewed and updated by the Board on 22 October 2018 to ensure that it remains consistent with the Board's objectives and responsibilities, and reflect the latest compliance requirements as a result of changes in the regulatory framework.</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	:	<p>The Board has adopted a Code of Ethics and Conduct for Directors and employees towards their day-to-day duties and operations of the Group. It sets out the ethical standards and underlying core ethical values to guide actions and behaviours of all Directors and employees. The Code of Ethics and Conduct is formalised in the Company handbook and incorporated in the Board Charter which are available on the Company's corporate website at www.carimin.com.</p> <p>The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group.</p> <p>The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.</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 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 Group has put in place a Whistle Blowing Policy which is published on the Company's corporate website at www.carimin.com to provide a platform for its employees and the public to raise genuine concerns or report any improper conduct committed or to be committed by any employees through the channels provided.</p> <p>This policy aims to achieve the following:-</p> <ol style="list-style-type: none"> i. To encourage and develop a culture of openness, accountability and integrity. ii. To enable Management to be informed at an early stage about acts of misconduct. iii. To ensure the protection to individual who reports the concern or allegation in good faith in accordance with the procedures. <p>The Board will review and update the Whistle Blowing Policy as and when necessary to ensure that they continue to remain relevant and appropriate.</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 Board of CPB currently comprises of seven (7) members with three (3) being Independent Non-Executive Directors (“INEDs”) as follow:-</p> <ul style="list-style-type: none">• Yip Jian Lee• Mohd Rizal Bahari Bin Md Noor• Wan Muhamad Hatta Bin Wan Mos <p>The current Board composition is not in line with the Code’s recommendation to have at least half of the Board comprises Independent Non-Executive Directors.</p> <p>However, Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors is met.</p> <p>The INEDs and the Non-Executive Chairman who form a majority of the Board size, make a positive contribution and development of the Company’s strategy and policies through their independent, constructive and informed judgement.</p> <p>The Board is mindful that it does not comprise at least half of INEDs as it is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinions and viewpoints. The current composition of the Board Committees, made up of majority INEDs affirmed the Board’s commitment towards independence in Board leadership and provide strong check and balance in the Board’s governance function. Therefore, the lack of the necessary number of INEDs has not jeopardise the independence of the Board deliberations and all decisions have been made in the best interest of the Company and the Group.</p> <p>Notwithstanding the above, the Board and the NRC will review the Board composition. At this juncture, the candidates to be</p>

	<p>appointed as INEDs are still being identified. The Board and the NRC will continue to identify suitable candidates for appointment to the Board as INEDs based on merit, competence and contribution that each potential candidate can bring to further strengthen the Board.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
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

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 supportive of diversity on the Board and Senior Management team. Appointment of members of the Board and Senior Management team are based on objective criteria, merit and with due regard for diversity in terms of skills, experience, age, gender, cultural background and ethnicity.</p> <p>The NRC is responsible to lead the process for the nomination of new candidate for appointment and making the necessary recommendations to the Board for approval. In this respect, the role of the NRC is detailed in its Terms of Reference, which is accessible on the Company's corporate website at www.carimin.com.</p> <p>The Board, through the NRC, accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only to gender, but also age and ethnicity.</p> <p>The Nomination Committee and Remuneration Committee have been merged as a single committee known as the Nomination and Remuneration Committee (NRC) with effect from 27 May 2019 which aimed to improve its efficiency and effectiveness in discharging its duties</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>In line with the Code, the Board has established a Gender Diversity Policy on 22 October 2018 which provides a framework for the Company to improve its gender diversity at Board level. The objectives/principles and measures as set out in the Gender Diversity Policy are disclosed in the CG Statement in the AR 2019.</p> <p>To avoid any mismatch and ineffective appointment of female Directors, the Board does not set any specific target for female Directors in the Gender Diversity Policy. However, the Board practises non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of Board and senior management positions of the Company.</p> <p>Currently, there is a female Director on the Board, namely, Pn. Yip Jian Lee.</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 NRC of the Company is responsible for overseeing the selection and assessment of the Directors. The NRC will scrutinise the suitability and qualification of the candidates and recommend the same for the Board's approval. In discharging its duty, the NRC will assess the suitability of an individual by taking into account the individual's mix of skills, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.</p> <p>In identifying 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 association, as well as independent search firms.</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 NRC is chaired by En. Mohd Rizal Bahari Bin Md Noor, an Independent Non-Executive 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

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, through the NRC assessed and evaluated the performance and effectiveness of the Board and Board Committees, as well as each individual Directors in the financial year ended 30 June 2019. The process is carried out via customised assessment forms sent to Directors pertaining to the following evaluation:-</p> <ul style="list-style-type: none"> i. Performance of Executive Directors; ii. Performance of Non-Executive Directors; iii. Independence of the Independent Directors; iv. Performance of the AC; and v. Effectiveness of the Board and Board Committees as a whole. <p>Assessment criteria that based on the Key Performance Indicators covers the financial performance and business operations, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relation, succession planning, attendance, preparation and contribution to the committee meetings.</p> <p>The completed assessment forms for the financial year ended 30 June 2019 were collated by the Company Secretary and tabled to the NRC and/or AC for review before tabling the same for the Boards' deliberation/notation.</p> <p>Based on the evaluations conducted for the financial year ended 30 June 2019, the NRC and the Board were satisfied with the performance of the individual Directors, Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.</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

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 Board had established a formal and transparent Remuneration Policy as a guide for the Board and the NRC to determine the remuneration of Directors and/or Senior Management of the Company.</p> <p>The Remuneration Policy is made available for reference on the Company’s corporate website at www.carimin.com.</p> <p>The remuneration is reviewed by the NRC on an annual basis prior to making its recommendations to the Board for approval. In its review, the NRC considers various factors including the Directors’ fiduciary duties, time commitments and expertise expected from them and the Company’s performance.</p> <p>The remuneration packages of the MD and the Executive Director are tabled and reviewed by the NRC based on the Key Performance Indicators, before recommendation is made to the Board for approval.</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 NRC consists of the following members, all being Non-Executive Directors and a majority of INEDs:-</p> <ul style="list-style-type: none">(a) Mohd Rizal Bahari Bin Md Noor (Chairman)(b) Yip Jian Lee (Member)(c) Wan Muhamad Hatta Bin Wan Mos (Member)(d) Tan Sri Dato' Kamaruzzaman Bin Shariff (Member) <p>The NRC is principally responsible for the development and review of the remuneration policy and packages of the Board members, and subsequently furnishes their recommendations to the Board for adoption. The NRC is also responsible to ensure that the remuneration package and benefits of the Board and the Senior Management of the Group are benchmarked with industry standards in light of the Group's performance in the industry.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</p> <p>The Terms of Reference of NRC which details out the roles and responsibilities in relation to the remuneration matters, is accessible on the Company's corporate website at www.carimin.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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	:	The detailed disclosure on named basis for the remuneration of individual Directors for the financial year ended 30 June 2019 are set out in the CG Statement in the AR 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

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>Due to confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not disclose the Senior Management's remuneration components on named basis in the bands of RM50,000.00.</p> <p>The Board is of the view that the disclosure of the Senior Management's remuneration components would not be in the best interest of the Company given that the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.</p> <p>As an alternative, the Board is of the view that the disclosure of the Senior Management's aggregated remuneration on unnamed basis in the bands of RM50,000.00 in the AR 2019 is adequate.</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

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 AC comprises three (3) members who are exclusively Independent Non-Executive Directors.</p> <p>The positions of Board Chairman and AC Chairperson assumed by different individuals which allows the Board and AC to objectively review their findings and recommendations.</p> <p>Pn. Yip Jian Lee is the AC Chairperson who is qualified as a Chartered Accountant with the Institute of Chartered Accountants, England & Wales in 1981, and is a member of the Malaysian Institute of Accountants since 1984. She is not the Chairperson of the Board.</p> <p>Tan Sri Dato' Kamaruzzaman Bin Shariff is the Chairman of the Board and he is not a member of the AC.</p> <p>The separation had been set out clearly in the Terms of Reference of the AC which is available on the Company's corporate website at www.carimin.com.</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 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>Currently, none of the members of the AC were former key audit partners of the present auditors of the Group.</p> <p>CPB has always recognised the need to uphold independence. The AC has in place a policy that requires a former key partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. The policy had been codified in the Terms of Reference of AC of 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

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 Board had on 23 February 2018 established the External Auditors Assessment Policy together with an annual performance evaluation form. The policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.</p> <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The External Auditors have given their assurance to the AC confirming that they are, 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>The AC carried out annual performance assessment of the External Auditors and requested the Executive Directors and Finance Manager to join the assessment.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors of the Company that consider amongst others:</p> <ul style="list-style-type: none"> (a) Adequacy of resources and experience of the audit firm; (b) Quality processes of the audit firm; (c) Competency of audit engagement team; (d) Audit governance and independence; (e) Audit fee, scope and planning; and (f) Audit communications. <p>The Board, having considered the AC's recommendation and feedback, was satisfied with the suitability and independence of the External Auditors and has recommended their re-appointment to the shareholders for approval at the 7th AGM.</p>
Explanation for departure	:	

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

Intended Outcome

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	:	Adopted
Explanation on adoption of the practice	:	The AC of the Company comprises solely of the following Independent Non-Executive Directors which is in line with Practice 8.4 of the Code:- (a) Yip Jian Lee (Chairman) (b) Mohd Rizal Bahari Bin Md Noor (Member) (c) Wan Muhamad Hatta Bin Wan Mos (Member)

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 AC members possess the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of the AC. The Chairman and members of the AC Members are financially literate and they are able to understand matters under the purview of the AC including the financial reporting process.</p> <p>They are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>During the financial year ended 30 June 2019, all members of the AC have undertaken continuous professional development to keep themselves abreast of relevant development in accounting and auditing standards, practices and rules. The details of their training are as set out in the CG Statement of the AR 2019.</p> <p>Every year, the NRC would review the terms of office and performance of the AC members to determine whether they have carried out their duties in accordance with their Terms of Reference.</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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in placed a structured risk management and internal control framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis.</p> <p>The Board keeps itself abreast of the industry development and issues to facilitate their planning and effective management of business operations, regulatory requirements and finance to mitigate the possible risks that may be faced by the Group.</p> <p>The Board has also received assurance from the MD and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group during the financial year ended 30 June 2019.</p> <p>The details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the AR 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 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	:	The features of the risk management and internal control framework, and the adequacy and effectiveness of this framework has been disclosed in the Statement on Risk Management and Internal Control of the AR 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

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 Board formed the RMC on 20 August 2015, which comprises of the following three (3) members with majority of whom are Independent Directors:-</p> <ul style="list-style-type: none">(a) Wan Muhamad Hatta Bin Wan Mos (Chairman)(b) Mokhtar Bin Hashim (Member)(c) Mohd Rizal Bahari Bin Md Noor (Member) <p>The RMC is to assist the Board in the following functions:-</p> <ul style="list-style-type: none">i. Carrying out its responsibility of overseeing the Group's risk management framework and policies;ii. Ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets; andiii. Determining the nature and extent of significant risks which it is willing to take in achieving its strategies objectives.

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 Board had on 23 February 2018 established the Internal Auditors Assessment Policy together with an annual assessment form. The policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p> <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>The AC will obtain a written assurance from the Internal Auditors confirming that they are, 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>The AC will carry out annual performance assessment of the Internal Auditors and may request the Executive Directors and Finance Manager to join the assessment. The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the Internal Auditors of the Company.</p> <p>The details of the internal audit function and activities carried out during the financial year ended 30 June 2019 are disclosed in the AC Report in the AR 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 in its efforts to provide adequate and effective internal control system had appointed an independent internal audit service provider, namely Axcelasia Columbus Sdn. Bhd. ("Axcelasia"). Axcelasia acts as the Internal Auditors and reports directly to the AC of the Company.</p> <p>Mr. Mah Siew Hoong ("Mr. Mah") of Axcelasia is the Engagement Director who responsible for the internal audit of the Group. He has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr. Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).</p> <p>The number of staff deployed for the internal audit reviews ranges from 4 to 5 per visit including the Engagement Director. The staff involved in the internal audit reviews possess professional qualification and/or a university degree.</p> <p>Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk based approach and were guided by the International Professional Practice Framework.</p> <p>The AC had on 23 February 2018 approved the Internal Auditors Assessment Policy together with an annual assessment form to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p> <p>A formalised performance assessment of the Internal Auditors for the financial year ended 30 June 2019 was carried out based on the following evaluation criteria as set out in its annual assessment form:-</p>

	<p>(a) Adequacy of resources and experience of the internal audit firm; (b) Quality processes of the internal audit firm; (c) Competency of engagement team; (d) Governance and independence; (e) Internal audit fee, scope and planning; and (f) Internal audit reports and communications.</p> <p>The AC collectively carried out the assessment with the relevant input from the Finance Manager.</p> <p>In conclusion, the AC was of the view that:</p> <ul style="list-style-type: none"> • The Internal Auditors have sufficient experience and resources to satisfy their terms of reference; and • The Internal Auditors have sufficient resources to adequately deliver the quality services to the Group.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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>The Board values the importance of effective communication and timely flow of information on all material business matters to its stakeholders. Hence, the Board has established a Corporate Disclosure Policy to enable comprehensive, accurate and timely disclosure information to its shareholders and stakeholders. A copy of the policy is published on the Company's corporate website at www.carimin.com.</p> <p>The Company's corporate website at www.carimin.com serves as one of the convenient ways for shareholders and stakeholders to gain access to corporate information, news and events relating to the Group. The Company has placed various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information on its Corporate section under "IR Home", to facilitate the stakeholders' understanding of the Group's business and its policies on governance.</p> <p>In addition, the "Investor Relation" section on the Company's corporate website provides relevant links to the Company's announcements including financial results, annual reports, and other announcements made to Bursa Securities. It serves as a platform for timely information and accurate disclosure of all material information to the shareholders and stakeholders of the Company.</p> <p>Another key avenue of communication with its shareholders is the Company's Annual Report to shareholders. The Annual Report, which is prepared in accordance with the requirements of the MMLR, communicates comprehensive information of the financial results and activities undertaken by the Company. All information to shareholders are available electronically as soon as it is announced or published.</p> <p>Besides, the Company's AGM remains a principal forum for direct interaction and dialogue with the shareholders. The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. Shareholders are encouraged to actively participate in the</p>

	question and answer session. The Board, Senior Management and the External Auditors will be present to answer and provide appropriate clarifications to the shareholders at the AGM.	
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 is not a Large Company as defined under the Code and hence, has not adopted integrated reporting based on a globally recognised framework.	
		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. Nonetheless, the Board ensures there is ongoing engagement and communication between the Company and its stakeholders to build trust and 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, as explained under Practice 11.1 above.	
<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>The Notice for convening the forthcoming 7th AGM of the Company which is scheduled to be held on 27 November 2019 was sent to the shareholders at least twenty-eight (28) days before the date of 7th AGM this year.</p> <p>The notice of the 7th AGM dated 29 October 2019 included the details of each proposed resolution to enable shareholders to have sufficient time to consider the resolutions and to make informed decisions in exercising their voting rights.</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>At the previous 6th AGM, all the Directors of the Company including the Chairman/Chairperson of the AC, NRC and RMC were present in person to engage directly with shareholders and be accountable for their stewardship of the Company.</p> <p>During the proceedings of the 6th AGM, the Chairman invited shareholders to raise questions pertaining to the Company's audited financial statements and other agendas tabled for approval at the meeting, before putting the resolutions to vote.</p> <p>All the Directors of the Company will always endeavour to attend all general meetings and the Chairman of the Board committees will provide meaningful response to questions addressed to them.</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>This practice is not applicable to the Company in view that the Company does not have a large number of shareholders and that the Company's AGM are not held in remote locations but held at a venue which is easily accessible to facilitate the participation of shareholders. Hence, voting in absentia and remote shareholders' participation are not facilitated.</p> <p>Notwithstanding that, shareholders are encouraged to attend general meetings and are allowed to appoint proxy(ies) to attend, participate, speak and vote at the general meetings on their behalf and represent them.</p> <p>Shareholders who have questions and queries are welcome to submit questions or engage with Management separately. Management will endeavour to respond within a reasonable time.</p> <p>The Company will explore the use of technology to allow voting in absentia or remote shareholders' participation. The Company will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefit to the Company.</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
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.

Click here to enter text.