

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5301
COMPANY NAME : CTOS Digital Berhad
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of CTOS Digital Berhad ("CTOS Digital" / "the Company") is responsible for the management and oversight of the business and affairs of Company. The Board further serves a fiduciary responsibility for the Company's financial and organisational health and collectively responsible to ensure that sustainable value is delivered to its stakeholders. The effectiveness of the Board leadership and oversight requires the integration of sustainability considerations in corporate strategy, governance and decision-making.</p> <p>The Board is committed to upholding strong corporate governance practices and high standards of behaviour, accountability and transparency in enhancing shareholders' value and protecting the interests of stakeholders.</p> <p>In order to ensure the effective discharge of its functions and responsibilities amidst an increasingly challenging operating environment as a new public listed company, the Board has taken the initiative to establish and enhance its corporate governance framework and structure.</p> <p>Through the establishment of corporate governance framework, the Board seeks to ensure that CTOS Digital complies with the governing laws and best practices relevant to its business and operation particularly the Companies Act 2016, the Capital Markets and Services Act 2007 ("CMSA"), the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").</p>

	<p>Under this framework, CTOS Digital had issued corporate governance documents, inter alia, the Board Charter, Terms of References, Code of Business Conduct and Ethics, Anti Bribery and Corruption Policy, Whistleblowing Policy and others. These corporate governance documents are accessible through CTOS Digital’s website at https://ctosdigital.com/corporate-governance/.</p> <p>The corporate governance structure was further enhanced through the establishment of the Board Committees i.e. Audit and Risk Committee (“ARC”), Nomination and Remuneration Committee (“NRC”) and Board Investment Committee (“BIC”). The Board Committees aims to provide support to the Board in carrying out its roles and responsibilities.</p> <p>Within the limits set by the Constitution of CTOS Digital (“Constitution”), the Board has defined its key responsibilities in the Board Charter as follows:-</p> <ol style="list-style-type: none"> 1. Set corporate values and promote good corporate governance culture within the Company, which reinforces ethical, prudent and professional behaviour to ensure its obligations to shareholders and stakeholders are met; 2. Consider, vet, challenge, review and approve Management’s proposals on matters including but not limited to the overall corporate strategy, business plan, annual budgets and regulatory plan, and monitor its implementation by Management; 3. Review, approve and oversee the implementation of strategic initiatives and business plans of the Company including corporate business restructuring or streamlining and strategic alliances, to ensure that the same supports the sustainability and long term value creation by taking into consideration economic, environmental and social and governance (ESG) considerations; 4. Evaluate, modify (if deemed necessary) and approve the business plans and annual budgets (including capital expenditure budget) based on a fair evaluation and robust discussion of the underlying assumptions; 5. Support the Management on key stakeholder engagements related to initiatives critical to the success of the business, including but not limited to meeting facilitation with key clients, data providers, industry associations/representative bodies, as well as relevant government agencies and/or regulators; 6. Formulate, review, approve and ensure compliance of all major policies of the Company; 7. Ensure that all Board Members and Management have the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board Members and the Group Chief Executive Officer (“GCEO”); 8. Oversee the conduct of the Company’s business to evaluate, supervise and assess the performance of the Management, including:
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	<ul style="list-style-type: none"> (a) Whether the business is being properly managed; (b) To evaluate and approve the selection and terms of reference of Management; (c) To define and approve Key Performance Indicators (“KPIs”) for Management’s performance measurement and evaluate their achievement against the agreed KPIs; (d) To evaluate and approve Management’s compensation; <ol style="list-style-type: none"> 9. Identify principal business risks encountered by the Company and ensure the implementation of an appropriate internal controls and risk management framework to mitigate and address such risks; 10. Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework and internal controls to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; 11. Establish the appropriate Board Committees and be responsible for all decisions made by the Board Committees; 12. Review the adequacy and integrity of the Company’s financial and non-financial reporting, internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines at least on a quarterly basis; 13. Deliberate on proposals presented and recommended, including those proposed by the Board Committees at least on a quarterly basis; 14. Ensure that the Company has in place procedures to enable effective communication with its shareholders and stakeholders; 15. Review and approve the financial statements encompassing annual audited accounts, dividend policy, credit facilities from financial institutions and guarantees; 16. Approve the appointment of all external advisers and their related advisory fees subject to the approved authorised limits; and 17. Carry out or perform such other functions as deemed necessary in the discharge of its fiduciary duties under the relevant laws, rules and regulations. <p>As the business and affairs of the Company are managed under the direction and oversight of the Board, the Board has the responsibility to periodically review and approve the overall strategies, business plans and budgets, organisation and significant policies of CTOS Digital.</p> <p>The Company’s Business Plan and Strategy which is developed annually in consultation with Senior Management, outlines the strategies, business plans and budget that would be implemented to achieve the Company’s strategic aims for the year. Upon the approval of the Board, the GCEO and Management will take the responsibilities in ensuring the</p>
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	<p>implementation of the Company's Business Plan and Strategy and its timely progress.</p> <p>The Limits of Authority ("LOA") was established to specify the authority limits for the Board, the Board Committees, the Management Committee, the Chief Executive Officer and the Senior Management to facilitate compliance with good corporate governance principles. As the Board retains the overall management and control of the Company's business and affairs, this LOA may be revised to reflect the change in the Company's operating environment.</p> <p>Pursuant to Bursa Malaysia's corporate governance disclosure requirements per Paragraph 15.25 and Practice Note 9 of the Listing Requirements, the Board is pleased to set out a summary of CTOS Digital's corporate governance practices during the financial year ended 31 December 2021 in the Corporate Governance Overview Statement ("CG Overview Statement") which is available on its website https://ctosdigital.com</p>
Explanation for departure	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: N/A
Timeframe	: N/A

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>Tan Sri Izzuddin Bin Dali who is an Independent Non-Executive Director (INED) has been appointed as the Chairman of CTOS Digital since 15 August 2014.</p> <p>As the Chairman of CTOS Digital, Tan Sri Izzuddin Bin Dali presides the Board meetings and he is responsible for the following:-</p> <ol style="list-style-type: none">1. Providing leadership to the Board and ensuring that the Board Members are able to perform their roles and responsibilities effectively. This includes taking a leading role in establishing effective corporate governance system and practices in CTOS Digital;2. Setting the Board agenda for each Board meeting, with the assistance of the Company Secretary and the GCEO;3. Ensuring the provision of accurate, complete and timely information to the members of the Board to facilitate decision-making;4. Promoting constructive and respectful relations between Board Members and managing the interface between the Board and Management;5. Lead the Board meetings and discussions by encouraging active participation and allowing dissenting views to be freely expressed;6. Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;7. Ensuring that prior to any new appointments to the Board, an assessment is undertaken on the candidate to ensure they have the necessary skills, expertise and diversity to carry out their fiduciary duties; and8. Ensuring that succession planning of the Board and Senior Management (C-Level Team) is considered on an ongoing basis.
Explanation for departure	:	N/A

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

Measure	:	N/A	
Timeframe	:	N/A	

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 Chief Executive Officer ("**CEO**") are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>In CTOS Digital, the roles of the Chairman (as outlined in the explanation to Practice 1.2 in this report) and the Chief Executive Officer (the designation Group CEO ("GCEO") is used herein) are separated with a clear division of responsibilities. As at 31 December 2021, the positions of Chairman and GCEO are held by two different individuals and the same continues until today.</p> <p>This distinction of roles and responsibilities is defined, documented and approved by the Board through the general provisions of the Board Charter and the specific provisions under the Letter of Appointment of the GCEO.</p> <p>This separation of roles is in line with the best practices, which would enable CTOS Digital in ensuring appropriate supervision of Senior Management by the Board and set better understanding on the segregation of jurisdictional responsibilities and accountabilities.</p> <p>The Chairman of the Company is Tan Sri Izzuddin Bin Dali, an Independent Non-Executive Chairman whilst the GCEO of the Company is Dennis Colin Martin who is also a Non-Independent Executive Director of CTOS Digital.</p> <p>Whilst the Chairman is primarily responsible for the stewardship and smooth functioning of the Board, GCEO undertakes the responsibility of overseeing the day-to-day operations to ensure the smooth and effective running of the CTOS Digital's business and operation.</p> <p>Under the Board Charter, GCEO assumes the overall responsibilities for the execution of the business plan in line with the Board's direction and drives the business and performance towards achieving the Company's vision and goals. The key roles and responsibilities of the GCEO include, among others:</p> <ul style="list-style-type: none">(i) ethically overseeing the day-to-day business operations, implementing Board policies and strategies, and making operational decisions;(ii) serving as the conduit between the Board and Management in ensuring the success of the Company's governance and management functions;(iii) ensuring effective relationships and communication with Management, and between the Board, shareholders and relevant stakeholders;

		(iv) providing strong leadership by effectively communicating the vision, management philosophy, business strategy and company policies to employees; and (v) keeping the Board informed of salient aspects and issues concerning the Company's operations.
Explanation for departure	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A

Intended Outcome

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

Practice 1.4

The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

Application	:	Applied								
Explanation on application of the practice	:	<p>As at 31 December 2021 until todate, CTOS Digital adopts the policy of having different individuals for the role of Chairman of the Board and the Chairman of its Board Committees. This segregation is further embedded in the Board Charter and some of the respective Terms of Reference of the Board Committees. The same is now duly implemented across all the Board Committees.</p> <p>The Chairman of CTOS Digital, Tan Sri Izzuddin Bin Dali, is not the chairman or a member of any of the Board Committees. He does not attend nor participate in any meetings of the ARC, NRC or BIC, by way of invitation or otherwise.</p> <p>The membership of the Board Committees are as follows:-</p> <ul style="list-style-type: none">(i) The Audit and Risk Committee ("ARC") <i>Please refer to Explanation on Practice 9.4 Step-up.</i>(ii) The Nomination and Remuneration Committee ("NRC") <i>Please refer to Explanation on Practice 7.2.</i>(iii) The Board Investment Committee ("BIC") <table border="1"><thead><tr><th>Name of Director</th><th>Designation</th></tr></thead><tbody><tr><td>Dato' Noorazman Bin Abd Aziz. (<i>Chairman</i>)</td><td>Independent Non-Executive Director</td></tr><tr><td>Mr. Loh Kok Leong</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>Ms. Su Puay Leng</td><td>Independent Non-Executive Director</td></tr></tbody></table>	Name of Director	Designation	Dato' Noorazman Bin Abd Aziz. (<i>Chairman</i>)	Independent Non-Executive Director	Mr. Loh Kok Leong	Non-Independent Non-Executive Director	Ms. Su Puay Leng	Independent Non-Executive Director
Name of Director	Designation									
Dato' Noorazman Bin Abd Aziz. (<i>Chairman</i>)	Independent Non-Executive Director									
Mr. Loh Kok Leong	Non-Independent Non-Executive Director									
Ms. Su Puay Leng	Independent Non-Executive Director									
Explanation for departure	:	N/A								
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>										
Measure	:	N/A								
Timeframe	:	N/A								

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>CTOS Digital has engaged external firm, Tricor Corporate Services Sdn Bhd, Registration Number: 200701021758 (779773-H) ("Tricor") to provide the corporate secretarial functions. Both parties had entered into a contract whereby under the engagement, two (2) members of Tricor staff who are qualified to act as named Company Secretaries under the Companies Act 2016 ("Act"), shall be assigned to the Company to undertake the role and function as the Company Secretaries of CTOS Digital.</p> <p>Ms. Joanne Toh Joo Ann (Ms. Joanne Toh) (Licence No.: LS 0008574) (SSM PC No.: 202008001119) is the Principal Company Secretary of CTOS Digital. She further serves as the Company Secretary of CTOS Digital's subsidiaries. She graduated from Help Institute Malaysia in 1998 with a Bachelor of Science (Economics) (with Second Class Honours, Upper Division).</p> <p>Ms. Joanne Toh is qualified to act as Company Secretary under Section 235 of the Act, duly registered with the Companies Commission of Malaysia ("CCM") under Section 241 of the Act and had been issued with practising certificates by the Registrar of Companies.</p> <p>In general, the Company Secretary advises the Board particularly on the Company's Constitution and Board policies and procedures, as well as compliance with applicable rules, regulations and best practices.</p> <p>Together with Tricor team and internal team in CTOS Digital, Ms. Joanne Toh undertakes the following roles and responsibilities as the Company Secretary of CTOS Digital, inter alia:-</p> <ol style="list-style-type: none">1. Assisting the Company in the preparation and lodgement of forms under the Act with the Registrar as may be required by the Company;2. Maintenance of the statutory registers, minutes books and records of the Company as required by the Act;3. Arranging and coordinating date of meetings and compilation of the relevant meeting papers to be circulated to the Directors;4. Preparing and circulating the notices of Board, Board Committees and General Meetings and circulate the notices to the relevant parties;

	<ol style="list-style-type: none"> 5. Attending the Board, the Board Committees and General Meetings of the Company, drafting and maintenance of the minutes thereof; 6. Assisting the Board and the Company in drafting resolutions; 7. Providing advisory and consultancy services including but not limited to, any corporate advisory and any special assignments; 8. Assisting the Company, its Directors and/or Substantial Shareholders in their Disclosure Compliance; 9. Assisting the Company on the disclosures in compliance with the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa MMLR”) and Capital Markets and Services Act 2007; and 10. Preparing or reviewing the Company’s announcements and non-template announcements on matters requiring disclosure to Bursa Malaysia Securities Berhad (“Bursa Malaysia”) to ensure compliance with the Bursa MMLR. <p>The Company Secretary notifies the Board and Senior Management on the open periods and closed periods pending the announcement of the Company’s quarterly interim financial reports to Bursa Malaysia to ensure that any dealings in the Company’s securities and the disclosure obligations arising therefrom are adhered to by the Directors and Senior Management of the Company.</p> <p>The Company Secretary constantly keep herself abreast of changes in the many aspect including corporate governance and Board’s operations through continuous professional development. During the year under review, she had attended pertinent internal and external trainings on changes in regulatory requirements, inter alia, the trainings in relation to updates on the Malaysian Code on Corporate Governance, related party transactions, diversification of business operations, financial assistance, beneficial ownership and capital reduction.</p> <p>Under the Act, the appointment and change in Company Secretary are subject to the Board’s approval. Through this process, the Board would ensure that only qualified and suitable individuals are appointed as Company Secretary. The performance of the Company Secretary would be assessed by the Board on annual basis and the NRC would assist on the assessment thereof. For the financial year 2021, the Board was satisfied with the performance and support given by the Company Secretary.</p>
Explanation for departure	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: N/A
Timeframe	: N/A

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and the Board Committees have set clear expectations with regard to their conduct of meetings through their respective Board Charter and Terms of References established therein.</p> <p>Regular Board and Board Committees meetings are held to meet the respective requirements e.g. the Board and the ARC meetings are held on quarterly basis. The Board and the Board Committees may further call for ad hoc meeting, as and when required.</p> <p>Assisted by the Company Secretary, the Board and the Board Committees ensure that the conduct of meetings and relevant matters therein are managed in accordance with the Terms of Reference and best practices.</p> <p>The Chairman of the Board and the respective Board Committees Chairpersons are responsible of ensuring that its members receive relevant, accurate, and clear information on a timely basis in order for the Board and the Board Committees to make sound decisions and provide necessary advice. The Company Secretary provides assistance in ensuring that the process of disseminating such information is effective and reliable.</p> <p>The Company leverages on technology to facilitate the meeting session and currently adopts virtual, physical and hybrid meeting through video-conferencing, tele-conferencing, or other alternative modes of communication that would allow seamless and smooth sessions and participation by the Directors and Senior Management. The Company conducts e-meetings through Microsoft Teams and/or Zoom application.</p> <p>Prior written or electronic notices for the Board and Board Committees meetings are issued in advance to each Director. Such notices shall contain the date, time and place of the meeting and the proposed agenda and papers for the meeting. This would enable sufficient time given to the Directors to review, seek additional information and/or clarification on the matters to be deliberated at Board and the Board Committees' meetings. Early notification and circulation of the paper to the Directors would assist in ensuring adequate and thorough discussion of the respective matters within a reasonable and sufficient time.</p> <p>The Chairman of the Board and the respective Chairperson of the Board Committees lead the meeting and provide support in ensuring meaningful effective engagement that are interactive and</p>

	<p>include robust discussion among the Directors. Fundamental questions raised and key points discussed during the meeting were recorded, including declaration of interest of the Directors or any abstention on any resolution by the Directors.</p> <p>Upon conclusion of the meeting, the Company Secretary shall ensure that the minutes are prepared and circulated to the Directors and Senior Management for review within reasonable time. The deliberations at Board and Board Committee meetings are well documented and subsequently communicated to the relevant Management personnel for appropriate actions. The Board and the Board Committees are updated on the follow-up of its decisions and recommendations by the Management.</p>	
Explanation for departure	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	N/A	
Timeframe	N/A	

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 has established its Board Charter to set up clear guidance on the roles and responsibilities of the Directors, the Board and the Board Committees.</p> <p>Under the Board Charter, the corporate governance structure was further enhanced by the Board through the establishment of the Board Committees i.e. Audit and Risk Committee (“ARC”), Nomination and Remuneration Committee (“NRC”) and Board Investment Committee (“BIC”) to which the Board has delegated its authority to carry out the Board’s oversight functions as outlined in their respective Terms of Reference. The Board Committees aim at providing support to the Board in carrying out its roles and responsibilities as summarized below. Each of the Board Committees have its own Terms of Reference outlining its function, roles and responsibilities, authority, membership composition, meeting process and others.</p> <p>Each of the Board Committees has its own Terms of Reference outlining its function, roles and responsibilities, authority, membership composition, meeting process and others as summarised below.</p> <p>(a) <u>Audit and Risk Committee (“ARC”)</u></p> <p>The ARC assists and supports the Board’s responsibility of overseeing the Company’s operations by providing a means for reviewing the Company’s processes for producing financial data, its internal controls and policies and procedures to assess the suitability, objectivity and independence of the Company’s External Auditors and internal audit function. The ARC is further responsible for assisting the Board in overseeing the risk management frameworks and policies within the Company.</p> <p>(b) <u>Nomination and Remuneration Committee (“NRC”)</u></p> <p>The NRC oversees matters related to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as undertakes the annual assessment of the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director. The NRC is also primarily responsible for</p>

recommending to the Board on the Directors' fee/remuneration arrangements for the Non-Executive Directors, remuneration policy and package for the Executive Directors and remuneration framework for the Company's Management.

(c) Board Investment Committee ("BIC")

The BIC reviews CTOS Digital's strategic direction and strategic plan pertaining to all matters/activities related to acquisitions and divestments of any business/ investment, and overseas equity ventures, equity and/or capital requirements for the acquisition/ investment including their fund-raising requirements, due diligence expenses for acquisition/ investment above RM500,000, and CTOS Digital's investment policies, strategies, objectives and activities.

The Chairperson of the respective Board Committees reports and updates the Board on any significant issues and concerns discussed and where appropriate, make the necessary recommendations to the Board.

While the Board Committees aim at providing support to the Board in carrying out its roles and responsibilities, the Board further outlined the matters that are reserved for its decision in the Board Charter. The matters reserved for the Board include, but are not limited to the following:

- (i) The Company's strategy, plans and budgets;
- (ii) The implementation and adequacy of the Company's Business Continuity Plan;
- (iii) Any acquisitions and disposals and transactions exceeding the authority limits of the GCEO;
- (iv) Change of the GCEO;
- (v) Appointment and change in Directors;
- (vi) Any changes in the key policies, procedures and delegated authority limits of the Company;
- (vii) Major changes in the business activities and any other significant business decision of the Company;
- (viii) Treasury policies and bank mandate;
- (ix) Related Party Transactions;
- (x) Interim and annual financial statements and release of the said financial announcements;
- (xi) Directors' Report and Statutory Accounts;
- (xii) Interim dividends, recommendation of final dividends and making of any other distribution;
- (xiii) Financing facilities and banking arrangements including changes to authorised signatories and approval limit;
- (xiv) Adoption of accounting policies; and
- (xv) Review the effectiveness of the Company's system of internal controls.

Through its Board Charter, the Board further outlined the role and responsibilities of the Chairman (as explained under Explanation on Practice 1.2 and Practice 1.3), Individual Directors, Independent Director and GCEO (as explained under Explanation on Practice 1.3 and Practice 2.1).

Roles and Responsibilities of Individual Directors

1. In general under the Board Charter, the Director of CTOS Digital is required to be aware of their responsibilities and are required to comply with their legal, statutory and equitable duties in discharging their fiduciary duties. A Director's responsibilities include a duty to:
 - (a) Act in good faith and in the best interests of the Company, including the exercise of reasonable care, skill and diligence at all times in discharging his/her duties;
 - (b) Demonstrate good stewardship and act in a professional manner with sound mind;
 - (c) Contribute actively to the functions of the Board;
 - (d) Comply with all applicable laws and regulations, including the Credit Reporting Agencies Act 2010.
2. Every Director must devote sufficient time to prepare for and attend the Board meetings, the Board Committee meetings, any continuous training programmes and briefings.
3. A Director must not hold more than five (5) Directorships in a public listed company as prescribed by the Bursa MMLR to ensure his/her commitment in his/her time and resources will not be affected in discharging his/her duties effectively as a Director. Executive Director must not hold directorship in any other public listed company.
4. All Directors shall ensure that they keep abreast of regulatory changes, other developments and broad business trends. The Board must evaluate the training needs of its Directors on a continuous basis and ensure all Directors have access to appropriate continuing education programmes.

Roles and Responsibilities of Independent Director

The roles and responsibilities of the Company's Independent Director include:

1. Provide and enhance necessary independence and objectivity of the Board which includes providing independent and objective views, advice and judgment to ensure that the interests of the Group, shareholders and stakeholders are well taken into account;
2. Ensure effective checks and balances on the Board;
3. Mitigate any potential conflict of interest that may arise in the governance of the Company;
4. Constructively challenge and contribute to the development of business strategy and direction of the Company; and
5. Ensure adequate systems and controls are in place to safeguard the interests of the Company.

An Independent Director must immediately disclose to the Board in the event of any change in his/her circumstances that may affect his/her objectivity and/or status as an Independent Director. In such case, the Board must review the respective Director's designation as an Independent Director.

	<p>The Board will review the Board Charter and the Term of References of its Board Committees periodically and will amend the same whenever necessary.</p> <p>A copy of the Board Charter and the Term of References of the Board Committee are published on CTOS Digital's website and can be accessed at https://ctosdigital.com/corporate-governance/</p>	
Explanation for departure	: N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: N/A	
Timeframe	: N/A	

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>One of the key responsibilities of the Board is to set corporate values and promote good corporate governance culture within the Company, which reinforces ethical, prudent and professional behaviour to ensure its obligations to shareholders and stakeholders are duly achieved. This was duly embedded under Clause 4 of the Board Charter.</p> <p>Pursuant thereto, the Board had established the Company's Code of Business Conduct and Ethics ("Code of Conduct"), the Anti-Bribery and Corruption Policy ("ABC Policy") and the Whistleblowing Policy (as covered under Explanation Practice 3.2 herewith) which aim at promoting good business practices, ethical behaviour and healthy corporate culture within the Company.</p> <p>1. <u>The Code of Business Conduct and Ethics</u></p> <p>The Code of Conduct sets out the minimum standards which require all Employees to comply with areas and situations where public trust and confidence might be compromised or a law might be violated. The Code of Conduct serves as guide for proper standards of business ethics and conduct for the Company and the same shall not derogate, replace, or restrict the matured judgement of the employees in conducting their daily activities.</p> <p>The Code of Conduct provides guidance for professional and ethical conducts which include the following key areas:-</p> <ul style="list-style-type: none">(i) Conflict of Interest(ii) Trust and Credibility(iii) Safety at Work(iv) Compliance with Laws(v) Competition(vi) Respect for Individuals(vii) Harassment, Threat and Violence(viii) Entertainment, Gifts and Business Courtesies(ix) Employment of Family Members(x) Involvement in Political Party(xi) Bribes and Corruption(xii) Data Integrity and Confidential Information

	<ul style="list-style-type: none"> (xiii) Dealing with External Parties (Vendors and Business Partners) (xiv) Accountability (xv) Use of Company Resources (xvi) Records Retention (xvii) Insider Dealing (xviii) Business Expenses (xix) Social Media <p>2. <u>The Anti-Bribery and Corruption Policy</u></p> <p>In addition to the Code of Conduct, CTOS Digital has further established the ABC Policy which sets forth CTOS Digital’s overall position against bribery and corruption in all its forms and the Company’s objective in ensuring full compliance with all applicable anti-corruption regulatory requirements when conducting its business and operation. The ABC Policy further seeks to ensure that the Company adheres to the principles of good corporate governance and emphasises on operating its business with fairness and transparency.</p> <p>The Company is committed to conducting business dealings with integrity particularly avoiding practices of bribery and corruption of all forms in the Company’s daily operations. The Company has adopted a zero-tolerance approach against all forms of bribery and corruption. Employees who refuse to pay bribes or participate in acts of corruption will not be penalised even if such refusal may result in losing business.</p> <p>The ABC Policy leverages on the values and core principles as commonly recognized in generally accepted business codes of conduct and ethics. Full compliance to both the spirit and the letter of this Policy is mandatory and should be maintained using a principle-based approach.</p> <p>This policy is applicable to the Company and its Group, business associates, resellers, agents and distributors acting on the Company’s behalf, the Board of Directors and all the Company’s personnel.</p> <p>Both the Code of Conduct and the ABC Policy provide multiple avenues for the employee or any party to raise their concerns when they encounter questionable activities or practices concerning the Company and this includes through the whistleblowing channel at whistleblower@ctosdigital.com</p> <p>From January to December 2021, there was no reported complaint or inquiry received under the Code of Conduct or the ABC Policy.</p> <p>A copy of the Code of Conduct and the ABC Policy can be accessed at https://ctosdigital.com/corporate-governance/</p>
Explanation for departure	: N/A

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

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 had established a Whistleblowing Policy to embody the Company's commitment to promote and maintain high standards of transparency, accountability, ethics and integrity within the Company.</p> <p>Recognizing the above-mentioned values, CTOS provides an avenue for its employees (whether permanent, contract, part-time or casual), directors, shareholders, consultants, vendors, contractors, external agencies or any parties with a business relationship with the Company or its Group and members of the public to disclose any improper conduct within the Group.</p> <p>The Whistleblowing Policy implemented aims to:</p> <ol style="list-style-type: none">1. Provide an avenue for all employees and members of the public to disclose any improper conduct or any action that is or could be harmful to the Group and/or compromise the interest of stakeholders;2. Provide proper internal reporting channel to make a disclosure to disclose any improper or unlawful conduct in accordance with the procedures as provided for under this policy;3. Address a disclosure in an appropriate and timely manner;4. Provide protection for the whistleblower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality; and5. Treat both the whistleblower and the alleged wrongdoer in accordance with the Group's policies and applicable law. <p>The Whistleblowing Policy is further intended to promote voluntary act of disclosure/reporting to CTOS Digital for action to be taken against any improper conduct committed or about to be committed by its personnel.</p> <p>The disclosure of whistleblowing information can be made through a dedicated email whistleblower@ctosdigital.com. Any disclosure will be dealt with in strict confidentiality.</p> <p>In accordance with the procedures provided therein, whilst providing protection against reprisals, the Whistleblowing Policy protects the identity of employees and members of public who report such allegations.</p>

	<p>The Board had ensured that the access to whistleblowing information is governed with the strictest confidentiality under the oversight of an Independent Non-Executive Director (“INED”).</p> <p>All complaints/disclosures would be addressed by the Whistleblowing Committee for further action. The Members of the Whistleblower Committee of CTOS Digital are:-</p> <ol style="list-style-type: none"> 1. Mrs. Nirmala A/P Doraisamy, INED 2. Dato’ Noorazman Bin Abd Aziz, INED 3. Ms. Su Puay Leng, INED <p>The Committee is accorded with the authority to determine the legitimacy of the disclosure, direct further action and determine who should conduct the investigation.</p> <p>The Board has ensured that further safeguard is provided under the Whistleblowing Policy to address any conflict of interest when dealing with whistleblowing information to ensure the effectiveness of its implementation.</p> <p>From January to December 2021, there was no reported complaint or inquiry received under the Whistleblowing Policy.</p> <p>A copy of the Whistleblowing Policy is published on CTOS Digital’s website and can be accessed at https://ctosdigital.com/corporate-governance/</p>	
<p>Explanation for departure</p>	<p>N/A</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>N/A</p>	
<p>Timeframe</p>	<p>N/A</p>	

Intended Outcome

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

Practice 4.1

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

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

Strategic management of material sustainability matters should be driven by Senior Management.

Application	: Applied						
Explanation on application of the practice	<p>As outlined under the Board Charter, the Board assisted by the Board Committees, had worked together with the Management to undertake the responsibility on the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. The summary on the roles and responsibilities are as stated below:-</p> <table border="1" data-bbox="529 1025 1481 1478"> <thead> <tr> <th data-bbox="529 1025 726 1055">Governing Body</th> <th data-bbox="726 1025 1481 1055">Roles and Responsibilities</th> </tr> </thead> <tbody> <tr> <td data-bbox="529 1055 726 1155"> Board of Directors </td> <td data-bbox="726 1055 1481 1155"> <ul style="list-style-type: none"> Ensures alignment and integration of ESG components into CTOS Digital's overall business strategy. Has oversight on the entire CTOS Digital's sustainability journey & progress. </td> </tr> <tr> <td data-bbox="529 1155 726 1478"> Board Committees </td> <td data-bbox="726 1155 1481 1478"> <ul style="list-style-type: none"> Possesses delegated authority on decision making and implementation from the Board. Sustainability-related matters are presented to the Board Committees on a quarterly basis. Has oversight of the development and successful execution of CTOS Digital's sustainability framework, in line with the strategic outcomes that have been previously set by the Board. Provides a forum for discussion and endorsement on key sustainability matters. Ensure effective communication of ESG strategies, priorities, targets and performance to internal and external stakeholders. Have a firm understanding of the sustainability issues relevant to the company and its business. </td> </tr> </tbody> </table> <p>As further outlined under the Board Charter and the Terms of Reference of the ARC, the Board supported by the ARC, exercises its oversight on the implementation of the sustainability strategy, governance structure, priorities and targets and integration of sustainability considerations across CTOS Digital.</p> <p>The Board had taken into account the sustainability considerations when exercising its duties deciding on strategic management of material sustainability matters that are presented by the Management. Throughout the year of 2021, the followings are some of the example of strategic matters that were presented to the Board and/or the Board Committees for decision or recommendation:-</p>	Governing Body	Roles and Responsibilities	Board of Directors	<ul style="list-style-type: none"> Ensures alignment and integration of ESG components into CTOS Digital's overall business strategy. Has oversight on the entire CTOS Digital's sustainability journey & progress. 	Board Committees	<ul style="list-style-type: none"> Possesses delegated authority on decision making and implementation from the Board. Sustainability-related matters are presented to the Board Committees on a quarterly basis. Has oversight of the development and successful execution of CTOS Digital's sustainability framework, in line with the strategic outcomes that have been previously set by the Board. Provides a forum for discussion and endorsement on key sustainability matters. Ensure effective communication of ESG strategies, priorities, targets and performance to internal and external stakeholders. Have a firm understanding of the sustainability issues relevant to the company and its business.
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1. Strategic Acquisitions of Shares in RAM Holdings.

Through the acquisitions, the Company held 8.125% in leading credit rating agency RAM Holdings as at end of year 2021, via two acquisitions in July and December 2021 respectively. The acquisitions allow for product expansion collaboration and provide the Company with the opportunity to develop Environmental, Social and Governance (ESG) based products.

2. Strategic Acquisition of Shares in Business Online Public Limited ("BOL")

CTOS Digital had increased its stake in Thailand-based commercial bureau BOL in October 2021 to own 22.65 % in this associate company. With CTOS Digital's large base of SMEs, and BOL's strong presence among large corporations, both parties possess greater leverage to cross sell specialised products to potential customers in the respective geographical regions.

3. CTOS Digital's Enterprise Risk Management Policy and Procedure ("Framework")

The Framework that is aligned to ISO 31000:2018 "Risk Management - Principles and Guidelines" providing a structured and consistent approach to risk management implementation across the Company for informed decision-making.

In considering the Company's strategies, business plans, major plans of action and risk management presented by Management, the Board had considered the Company and its Group's (collectively referred to as "CTOS") sustainability strategies, priorities and targets as well as performance against these targets that needs to be communicated to its internal and external stakeholders. These strategic matters would be evaluated, monitored and as and when necessary, being revised accordingly to ensure that CTOS stays abreast with the development of sustainability measures and sustainability issues relevant to CTOS and its business.

Whilst the Board is responsible to ensure the governance of sustainability in the development of the Company's strategies, business plans, major plans of action and risk management, the GCEO together with Deputy GCEO, the Group Head Corporate Strategy and Planning and the Senior Management are responsible for the implementation of these sustainable strategies.

The Board and the Senior Management have direct oversight on sustainability-related matters and this had assisted the Company in setting a strong tone from the top to integrate ESG factors as part of the Company's business decision-making process and its overall strategy.

For the Annual Report 2021, the Management will issue CTOS's first disclosure on its Sustainability Statement which captures the beginnings of CTOS' journey to achieve greater sustainability as an organisation. Both the Board and the Management continuously recognise that empowering sustainable credit wellbeing in Malaysia requires a resolute commitment to economic efficiency, environmental performance and social responsibility, accompanied by a strong governance structure in place.

Since the past recent years, CTOS has focused on embedding sustainability priorities within its strategic initiatives. Various initiatives that reflect CTOS's commitment to the sustainability themes are further elaborated within this Sustainability Statement, all of which are built on values that promote sustainability.

1. Sustainability Governance Structure

There was establishment of robust governance structure, led by the Board who provides guidance and oversight for the Company's sustainability journey and progress. The governance structure was formalised with the Board of Directors remains the apex reporting entity followed by the Board Committees, GCEO, Deputy GCEO, Senior Management (C-Level Team) and Head of Departments. These groups meet at least on a bi-annual basis to evaluate on the respective strategic decisions, responsiveness to emerging ESG issues, risks and opportunities and the Company's progress against the identified objectives and targets.

2. Stakeholder Engagement

The Company recognises the importance of stakeholder engagement in ensuring the success of our sustainability programmes comprising various initiatives and activities. For that purpose, the Company has identified its potential stakeholders as any individual, group or party with legitimate interest or concern in the Company that can either affect or be affected by the outcomes of its objectives and actions as a whole. As all stakeholders have bearings on these outcomes, the bearers of externalities are included in the Company's stakeholdership.

During the stakeholder prioritisation exercise conducted on 14 September 2021, the Company had identified the first preliminary list of CTOS's stakeholders which comprise shareholders and investors, suppliers and partners, Government Bodies and Regulators, employees, customers and local communities. The Company then assessed the level of influence or significance of these stakeholders, vis-à-vis the outcomes of prioritised material ESG matters according to a scoring mechanism developed internally, to devise a mapping of the stakeholder prioritisation, complete with their areas of interest, objectives of the engagement, key engagement areas and frequency of engagement.

3. Materiality Assessment

The Company adopted the concept of materiality for sustainability strategic planning processes i.e. identifying, understanding and focusing on ESG issues that are relevant to the Company's business, industry and those that heavily influences the assessments and decisions of the stakeholders that will allow the Company to avoid significant repercussions.

CTOS's approach to ESG issues is in line with the principle of materiality, as described in the Global Reporting Initiative (GRI) Standards and with reference to the materiality considerations set out in the Sustainability Accounting Standards Board (SASB) Standards, FTSE4Good and United Nations Global Compact (UNGC).

In conducting the materiality assessment exercise, which will be reviewed and enhanced annually, the Company is taking the approach according to

	<p>the following steps i.e. Peer Analysis, Standards and Frameworks, Stakeholder Engagement Sessions and Materiality Assessment Prioritisation. The list of ESG material issues were prioritised in the Materiality Validation Workshop by CTOS's management group via three (3) exercises:</p> <ul style="list-style-type: none"> (i) Importance of ESG material issues to CTOS; (ii) Prioritisation of stakeholders; and (iii) Importance of ESG material issues to stakeholder assessments and decisions following Materiality Matrix and the key findings are the direct results of the workshop. <p>Given that this was the Company's first materiality assessment exercise ever conducted, the exercise was limited to engagement solely with internal stakeholders. Future stakeholder engagement sessions in relation to the materiality assessment exercises will include the Company's external stakeholders for a more extensive, diverse and inclusive horizon.</p> <p>The disclosures on the Company and its Group's sustainability strategies and initiatives are published in its Annual Report 2021 and can be assessed at https://ctosdigital.com</p>
<p>Explanation for departure</p>	<p>: N/A</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>: N/A</p>
<p>Timeframe</p>	<p>: N/A</p>

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of timely and accurate information being delivered to the stakeholders of the Company in a timely and accurate manner. Investor Relations is an essential part of the Company's corporate governance framework and it aims at ensuring all stakeholders receive relevant, timely and comprehensive information about the Company. Pursuant thereto, a dedicated channel for Investor Relations was set up and made available on the Company's website https://ctosdigital.com/investor-relations/.</p> <p>In addition, under the Board's oversight, the Company has opened other communication channels with its stakeholder groups based on the types of investor relations engagement undertaken by the Company either through its News Centre for media releases, Bursa Announcements, General Meetings, Investors Briefings and others.</p> <p>As part of its sustainability priorities within its strategic initiatives, the Company had identified the required engagement with external stakeholders and assessed the level of influence or significance of these stakeholders, vis-à-vis the outcomes of prioritised material ESG matters according to a scoring mechanism developed internally. The Company has devised a mapping of the stakeholder prioritisation complete with their areas of interest, objectives of the engagement, key engagement areas and frequency of engagement.</p> <p>The disclosures on the Company's sustainability strategies and initiatives are published in its Annual Report 2021 and can be assessed at https://ctosdigital.com.</p> <p>The Board is satisfied with the Company's initiatives in communicating its sustainability strategies, priorities and targets to its internal and external stakeholders.</p> <p>CTOS Digital through its subsidiaries (collectively referred to as "CTOS") had played an important role in advocating healthy financial habits and incentivizing consumers to manage their finances better via CTOS self-check service. By having easy access to their credit report via www.ctoscredit.com.my and CTOS mobile application, consumer can clearly see where they are in terms of their financial standing and be able to set realistic aspirations for their lifestyle choices.</p>

	<p>CTOS runs year-round, integrated financial education programmes, both online and offline, to drive financial education and inclusion, with CTOS content being carried in newspapers, magazines, e-news & e-magazine platforms, as well as TV, radio, Youtube, and social media channels.</p> <p>The Knowledge Base on CTOS website hosts a variety of educational content related to credit health and scoring, finances, budgeting and more. More than 600,000 monthly visitors benefit from the educational resources, and the number is expected to increase as more consumers benefit from education on credit health and financial matters.</p> <p>CTOS had provided more than 11.3 million free MyCTOS Basic Reports and over 1.2 million free MyCTOS Score & MyCTOS with CCRIS reports to consumers between 2016. In 2020, CTOS ran a COVID Relief Campaign for consumers, during which 100,000 free MyCTOS scores and free CTOS SecureID subscriptions were given away, as well as free listings for lenders on CTOS Credit Finder to help consumers navigate through the uncertainties and financial challenges brought by the pandemic.</p> <p>In addition, CTOS had conducted over 350 financial education roadshows and webinars across the country in partnership with Bank Negara Malaysia, Ministry of Finance, Employee Provident Fund (EPF), Agensi Kaunseling dan Pengurusan Kredit (AKPK), Kementerian Perumahan dan Kerajaan Tempatan (KPKT), Private Pension Administrator Malaysia (PPA), PERKESO, various government agencies, banks and property developers to provide consumers the opportunity to learn, engage, and strengthen their financial management skills to improve their credit health and personal finances.</p> <p>CTOS has an on-going partnership with the Creador Foundation via its non-profit financial literacy platform, Multiply, to carry financial education content across the CTOS social media platforms on a regular basis. This partnership gives consumers access to a wide variety of tips and tools to manage their personal finance.</p> <p>CTOS, as the leading credit reporting agency in Malaysia is committed to play its part in helping individuals and businesses obtain credit. The commitment is further reiterated through continuous engagement in dialogues or discussions with all key stakeholders including the Regulators and the media with the aim of increasing awareness on the importance of credit reporting agencies and their positive contribution to the national economy.</p>
<p>Explanation for departure</p>	<p>N/A</p>

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

Measure	:	N/A	
Timeframe	:	N/A	

Intended Outcome

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

Practice 4.3

The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>As part of its commitment, the Board had embedded the requirement for the Directors to stay abreast with and understand the sustainability issues relevant to the Company under Clause 6 of the Board Charter. Every Director is required to devote sufficient time to prepare for and attend any continuous training programmes and briefings. The Directors are required to ensure that they keep abreast of regulatory changes, other developments and broad business trends. The Board will evaluate the training needs of its Directors on a continuous basis and ensure that all Directors have access to appropriate continuing education programmes.</p> <p>In year 2021, Management had conducted a briefing to the Board on macroeconomic, industry-specific and regulatory trends that is expected to influence the Group's business in 2022 and beyond which include the increase digitization in the lending market across all segments, proliferation of new lending models by non-traditional players, such as Buy Now Pay Later (BNPL), Fintech and others, and heightened emphasis on cyber security, data privacy and fraud risks.</p> <p>Under the Directors' Performance Assessment Framework that was implemented in December 2021, the Board had further embedded a specific provision on Continuing Training Programme which requires the Board and the individual Directors to attend the relevant training programmes, seminars and forums to enhance their skills and knowledge on relevant new laws and regulations, changing commercial risk to keep abreast with the development in the economy, industry, technology and business environment within which the Company operates.</p> <p>The Board had introduced its Accreditation and Training Program in December 2021 outlining the Bursa Malaysia's Mandatory Accreditation Programme ("MAP") as a mandatory program for the Directors to complete. Under the Program, the Board had identified the following Continuing Professional Development as its focus and priorities for the year 2022 and 2023:-</p> <ul style="list-style-type: none">• Anti-Corruption and Bribery• Risk Oversight and Management• Environmental, Social and Governance (ESG) Considerations• Shareholders Engagement• Emerging Technologies• Cybersecurity Awareness

As at todate, all Directors of the Company had attended and completed the Mandatory Accreditation Programme as summarized below:-

DIRECTOR	DATE OF MAP TRAINING
1. Tan Sri Izzuddin bin Dali	26 – 28 July 2021
2. Dato' Noorazman bin Abd Aziz	26 – 28 July 2021
3. Ms. Lynette Yeow Su-Yin	7 - 10 April 2017
4. Mrs. Nirmala A/P Doraisamy	26 – 28 July 2021
5. Ms. Su Puay Leng	6 – 8 September 2021
6. Mr. Loh Kok Leong	29 – 30 July 2015
7. Mr. Dennis Colin Martin	26 – 28 July 2021
8. Mr. Wong Pau Min (alternate to Mr. Loh Kok Leong)	26 – 28 July 2021

In addition, some of the Board Members had attended trainings, seminar or workshop on sustainability, ESG and climate-related risk as follows:-

1. Dato' Noorazman Bin Abd Aziz

NO	COURSE TITLE
1.	How to be an effective NED in a disruptive world - ICDM
2.	Directors Guide to Governance, Risk & Compliance - Institute of Enterprise Risk Practitioners
3.	Cybersecurity Risk - Tricor Axcelasia
4.	Cybersecurity Oversight in the Boardroom - Institute of Enterprise Risk Practitioners
5.	Malaysian Institute of Accountants (MIA) Conference 2021
6.	Malaysian Code on Corporate Governance (MCCG) 2021 Updates - Tricor Axcelasia
7.	Corporate Governance and ERM, including MCCG 2021 consideration - Institute of Enterprise Risk Practitioners
8.	Corporate Liability Provision in the MACC Act 2009, Adequate Procedures and the ISO 37001: 2016 Anti Bribery Management System - Institute of Enterprise Risk Practitioners
9.	Related Party Transactions and Recurrent Related Party Transactions - Tricor Axcelasia
10.	Khazanah Mega Trends Forum 2021
11.	Governance & Risk Conference - UEM Sunrise Berhad
12.	Pre-Board Convergence: Reshaping the Business Towards a Sustainable Future - UEM Edgenta Berhad
13.	Business Continuity Management Refreshment Training - Tricor Axcelasia
14.	Evolving Expectations of the Board - Institute of Enterprise Risk Practitioners

2. Ms. Lynette Yeow Su-Yin

NO	COURSE TITLE
1.	Internal Capital Adequacy Assessment Process ("ICAAP") training by PwC for Malaysia Building Society Berhad ("MBSB")
2.	Shariah Perspective on Moratorium and R & R, Mufti's Perspective on FATWA issuance - MBSB
3.	BNM-FIDE FORUM Dialogue on Risk Management in Technology (RMIT): Insights 1 year
4.	MBSM Integrated Thinking Model ESG (Sustainability) training – MBSB
5.	Board and Senior Management Training on AML/CFT and Corporate Liability Training - MBSB

3. Mrs. Nirmala A/P Doraisamy

NO	COURSE TITLE
1.	Audit Committee Virtual Conference 2021 by IIAM and MIA
2.	SIDC Economic Outlook 2021 Investing at the Right Time and Sector
3.	MIRA – RAM Webinar Sustainability Reporting Ensuring Relevance to Financial Market
4.	MIA Virtual Conference Series: Risk Management Conference 2021
5.	SIDC's SRI 2021 : Paving the Way for Profitability through Sustainability (Virtual Conference)
6.	Financial Digitalisation and Data Governance organised by CIMA
7.	Corruption Risk Management - by Asia School of Business
8.	Board Assessment A Key Cog in an Effective Governance Structure - organised by MIA
9.	SC's Audit Oversight Board Conversation with Audit Committee
10.	Risk Management in Strengthening Resilience Management and Unprecedented Times - by MIA

Moving forward, the Board wishes to set a culture of continuous learning and look forward to have a comprehensive learning and development framework to ensure that the Board, Senior Management and all employees receive continuous, regular and adequate training. This includes setting the Company's learning and development initiatives which include:-

1. Periodic refresher for existing and monthly onboarding training programme for new employees on company-wide policies.
2. Vigorous training in the areas of risk and technology development in order to build cybersecurity awareness within the organisation, on top of on-the-job competency training for further development
3. Implementation of mandatory awareness program on the code of business conduct and ethics, with the key focus of increasing the awareness and familiarity of the whistleblowing mechanism and channels within the organisation.
4. The requirement for the Board and the Senior Management to attend a certain number of sustainability related trainings either internally or externally organized.

The Board working together with the Company Secretary and the relevant Senior Leadership Team will continue to identify the trainings required to ensure that the Directors are updated on the relevant issues related to sustainability including climate related risks and opportunities concerning the Company.

The disclosures on the Company and its Group's sustainability training strategy and the detailed list of trainings attended by the Directors are published in its Annual Report 2021 and can be assessed at <https://ctosdigital.com>

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

Intended Outcome

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

Practice 4.4

Performance evaluations of the Board and Senior Management include a review of the performance of the Board and Senior Management in addressing the company's material sustainability risks and opportunities.

Application	: Applied																								
Explanation on application of the practice	<p>One of the roles and responsibilities of the Board under Clause 4 of the Board Charter includes ensuring that the Board is well verse and stays abreast with the sustainability issues relevant to the Company and its business which includes the climate-related risks and opportunities. The Board is further responsible to conduct the performance evaluations of the Board and the Senior Management that include a review of the performance in addressing the Company's material sustainability risks and opportunities.</p> <p>Pursuant thereto, the Board with the assistance of the NRC had developed the Directors' Performance Assessment Framework to set and monitor its sustainability Key Performance Indicators ("KPIs") targets. Under the Framework, the following assessment criteria for Directors was established:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #008080; color: white;"> <th style="width: 5%;">No.</th> <th style="width: 25%;">Skill Area</th> <th style="width: 70%;">Description</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Corporate Strategy</td> <td>Ability to provide effective leadership, corporate strategy development and underlying environmental, social as well as governance (ESG) oversight for the company to achieve sustainability value, long-term strategy and success.</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Corporate Governance</td> <td>Ability to understand the principles and recommended practices of corporate governance in the conduct of business. The scope includes establishing and observing the code on corporate governance to achieve business sustainability and long-term shareholder value.</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Risk Management</td> <td>Ability to identify and manage risks related to the company and industry. The scope includes developing risk management programmes; oversight on regular risk assessment and providing regulatory advice and solutions on risk issues.</td> </tr> <tr> <td style="text-align: center;">4</td> <td>Compliance and Legal Oversight</td> <td>Ability to maintain compliance with legal and regulatory requirements. The scope includes developing and implementing compliance programmes and providing compliance advisory to the business.</td> </tr> <tr> <td style="text-align: center;">5</td> <td>Strategy</td> <td>Ability to develop effective corporate strategies for growth. The scope includes the ability to conceptualize and formulate strategies to create opportunities and maximize gains.</td> </tr> <tr> <td style="text-align: center;">6</td> <td>Accounting, Financial Reporting and Taxation</td> <td>Ability to read, analyze and interpret financial statements, and working knowledge of Malaysian tax regime and key provisions affecting the company.</td> </tr> <tr> <td style="text-align: center;">7</td> <td>Information Technology Strategy and Governance</td> <td>Knowledge and experience in the strategic use and governance of information management and information technology, including personal information privacy and security risk management.</td> </tr> </tbody> </table>	No.	Skill Area	Description	1	Corporate Strategy	Ability to provide effective leadership, corporate strategy development and underlying environmental, social as well as governance (ESG) oversight for the company to achieve sustainability value, long-term strategy and success.	2	Corporate Governance	Ability to understand the principles and recommended practices of corporate governance in the conduct of business. The scope includes establishing and observing the code on corporate governance to achieve business sustainability and long-term shareholder value.	3	Risk Management	Ability to identify and manage risks related to the company and industry. The scope includes developing risk management programmes; oversight on regular risk assessment and providing regulatory advice and solutions on risk issues.	4	Compliance and Legal Oversight	Ability to maintain compliance with legal and regulatory requirements. The scope includes developing and implementing compliance programmes and providing compliance advisory to the business.	5	Strategy	Ability to develop effective corporate strategies for growth. The scope includes the ability to conceptualize and formulate strategies to create opportunities and maximize gains.	6	Accounting, Financial Reporting and Taxation	Ability to read, analyze and interpret financial statements, and working knowledge of Malaysian tax regime and key provisions affecting the company.	7	Information Technology Strategy and Governance	Knowledge and experience in the strategic use and governance of information management and information technology, including personal information privacy and security risk management.
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	8	Human Capital	Understands and is familiar with human resource legislation and issues, with experience in field of talent retention, capacity building, performance evaluation and skill set development.
	9	Commercial and Marketing	Experience in commercial and business, including promoting and marketing products/services, and the ability to assess and addressing threats from competitors.
	10	Production and Quality Assurance	Familiar with products and services of the company and ability to assess quality issues of products and services.
<p>In addition, the Board had set material sustainability risks and opportunities for the Senior Management through the criteria assessment under their KPI, inter alia, the execution of the Company's strategies through the efficient and effective implementation and the achievement of the Company's pre-set performance objectives based on qualitative and quantitative measures whereby these objectives form part of the KPIs and performance evaluation.</p>			
Explanation for departure	: N/A		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	: N/A		
Timeframe	: N/A		

Intended Outcome

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

Practice 4.5 Step Up

The Board identifies a designated person within Management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Application	: Adopted												
Explanation on adoption of the practice	<p>Under CTOS Digital and its Group's (collectively referred to as "CTOS") sustainability structure, the following designated officers are appointed to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of CTOS including the Company:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #008080; color: white;"> <th style="width: 40%;">Designated Officer</th> <th>Roles and Responsibilities</th> </tr> </thead> <tbody> <tr> <td>Mr. Dennis Colin Martin Group Chief Executive Officer ("GCEO")</td> <td> <ul style="list-style-type: none"> Responsible for the deliberation and approval of all key sustainability-related matters and decisions </td> </tr> <tr> <td>Mr. Erick Hamburger Deputy GCEO</td> <td> <ul style="list-style-type: none"> Collaboratively sets CTOS Digital's sustainability agenda together with GCEO, including its strategy, roadmap and the monitoring of the action plans. </td> </tr> <tr> <td>Ms. Peggy Ding Sze Kay Group Head of Corporate Strategy & Planning</td> <td> <ul style="list-style-type: none"> Key Driver of CTOS's sustainability performance that spearheads the ESG strategic plans. </td> </tr> <tr> <td>Other Senior Management (C-level Team) and Head of Departments</td> <td> <ul style="list-style-type: none"> Operationalise CTOS's sustainability plans by implementing them in various business and operational areas, prioritising key ESG material issues. </td> </tr> <tr> <td>ESG Champion(s)</td> <td> <ul style="list-style-type: none"> Oversees the overall execution, mission and efficacy of CTOS's sustainability program and implementation. Primarily accountable to ensure that CTOS's sustainability culture and agenda cascades throughout the organisation by being the key contact person to perform and be accountable for duties such as: <ol style="list-style-type: none"> a) Reporting to the GCEO, Deputy GCEO and Group Head of Corporate Strategy and Planning on sustainability performance updates. b) Liaises and works closely with various department leaders to ensure that the Company's business activities, transactions and operations are in compliance with regulatory guidelines and evolving standards </td> </tr> </tbody> </table> <p>As and when required, an external party would be appointed to develop the Company's sustainability framework and to assist in the integration of the sustainability framework into the Company's operation.</p> <p>As provided under the overall CTOS's sustainability structure, the above designated officers, including the external party appointed therewith, would collectively report to the Board and the Board Committees on the Company's sustainability tasks from time to time.</p> <p>The disclosures on CTOS's sustainability structure is published in its Annual Report 2021 and can be assessed at https://ctosdigital.com</p>	Designated Officer	Roles and Responsibilities	Mr. Dennis Colin Martin Group Chief Executive Officer ("GCEO")	<ul style="list-style-type: none"> Responsible for the deliberation and approval of all key sustainability-related matters and decisions 	Mr. Erick Hamburger Deputy GCEO	<ul style="list-style-type: none"> Collaboratively sets CTOS Digital's sustainability agenda together with GCEO, including its strategy, roadmap and the monitoring of the action plans. 	Ms. Peggy Ding Sze Kay Group Head of Corporate Strategy & Planning	<ul style="list-style-type: none"> Key Driver of CTOS's sustainability performance that spearheads the ESG strategic plans. 	Other Senior Management (C-level Team) and Head of Departments	<ul style="list-style-type: none"> Operationalise CTOS's sustainability plans by implementing them in various business and operational areas, prioritising key ESG material issues. 	ESG Champion(s)	<ul style="list-style-type: none"> Oversees the overall execution, mission and efficacy of CTOS's sustainability program and implementation. Primarily accountable to ensure that CTOS's sustainability culture and agenda cascades throughout the organisation by being the key contact person to perform and be accountable for duties such as: <ol style="list-style-type: none"> a) Reporting to the GCEO, Deputy GCEO and Group Head of Corporate Strategy and Planning on sustainability performance updates. b) Liaises and works closely with various department leaders to ensure that the Company's business activities, transactions and operations are in compliance with regulatory guidelines and evolving standards
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Intended Outcome

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

Practice 5.1

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

Application	: Applied
Explanation on application of the practice	<p>Under Clause 9 of the Board Charter and the Constitution of the Company, the Board had embedded its policy on the tenure of directorships, whereby inter alia, all Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election.</p> <p>The Board had further outlined under Clause 5 of its Terms of Reference of the NRC, for the NRC to be responsible in assisting the Board to ensure that the composition of the Board is refreshed periodically. This is to ensure that the Board is of the appropriate size and has a balanced composition with a diverse mix of skills, knowledge, qualifications, experience, age, cultural background, and gender diversity in order to ensure its effectiveness in discharging its duties and having regard to the Malaysian Code of Corporate Governance ("MCCG").</p> <p>The NRC is mandated to establish and recommend for Board's approval, a framework for formal assessment of the performance of the Board as a whole, its Board Committees and individual Directors that shall include the responsibilities of the Board in addressing material sustainability risks and opportunities.</p> <p>Pursuant therewith, the NRC had developed the Directors' Performance Assessment Framework to serve as a guidance on the following, inter alia:-</p> <ol style="list-style-type: none">1. The assessment on the Board's leadership and effectiveness;2. The annual assessment of Directors performance in discharging their responsibilities for the governance of Company's sustainability including setting the Company's sustainability strategies, priorities and targets; and3. The assessment on the necessary quality, integrity, credibility, and competencies of the Directors that contribute to the development and growth of the Company. <p>Based on the Framework and as outlined under its Terms of Reference, depending on the outcome of the performance assessment, the NRC may recommend to the Board for the removal of any Director who is found to be ineffective, errant or negligent in the discharging his/her responsibilities.</p>

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

Intended Outcome

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

Practice 5.2

At least half of the Board comprises Independent Directors. For Large Companies, the Board comprises a majority Independent Directors.

Application	:	Applied																		
Explanation on application of the practice	:	<p>As at 31 December 2021, there were 8 Directors under CTOS Digital's Board composition, out of which 6 Directors are Independent Non-Executive Director ("INED") including the Chairman of the Board. Details as stated below:-</p> <table border="1"><thead><tr><th>Director</th><th>Designation</th></tr></thead><tbody><tr><td>1. Tan Sri Izzuddin Bin Dali</td><td>Independent Non-Executive Chairman</td></tr><tr><td>2. Datuk Azizan Bin Haji Abd Rahman (resigned on 7 March 2022)</td><td>Independent Non-Executive Chairman</td></tr><tr><td>3. Dato' Noorazman Bin Abd Aziz</td><td>Independent Non-Executive Director</td></tr><tr><td>4. Ms. Lynette Yeow Su-Yin</td><td>Independent Non-Executive Director</td></tr><tr><td>5. Mrs. Nirmala A/P Doraisamy</td><td>Independent Non-Executive Director</td></tr><tr><td>6. Ms. Su Puay Leng</td><td>Independent Non-Executive Director</td></tr><tr><td>7. Mr. Loh Kok Leong <i>Mr. Wong Pau Min - Alternate Director to Mr. Loh Kok Leong</i></td><td>Non-Independent Non-Executive Director</td></tr><tr><td>8. Mr. Dennis Colin Martin</td><td>Non-Independent Executive Director / Group Chief Executive Director</td></tr></tbody></table> <p>Currently as at April 2022, there are 7 Directors under the composition of the Board, out of which 5 are INEDs. The Board had duly complied with the requirement under Bursa MMLR and Practice 5.2 of the MCGG whereby more than half of its composition are INEDs. The Board opined that the said number of INEDs is adequate to provide a fair check and balance in terms of bringing independence of judgement and ensuring the Board's decisions are made objectively in the best interests of the Company.</p>	Director	Designation	1. Tan Sri Izzuddin Bin Dali	Independent Non-Executive Chairman	2. Datuk Azizan Bin Haji Abd Rahman (resigned on 7 March 2022)	Independent Non-Executive Chairman	3. Dato' Noorazman Bin Abd Aziz	Independent Non-Executive Director	4. Ms. Lynette Yeow Su-Yin	Independent Non-Executive Director	5. Mrs. Nirmala A/P Doraisamy	Independent Non-Executive Director	6. Ms. Su Puay Leng	Independent Non-Executive Director	7. Mr. Loh Kok Leong <i>Mr. Wong Pau Min - Alternate Director to Mr. Loh Kok Leong</i>	Non-Independent Non-Executive Director	8. Mr. Dennis Colin Martin	Non-Independent Executive Director / Group Chief Executive Director
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Explanation for departure	:	N/A																		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																				

Measure	:	N/A	
Timeframe	:	N/A	

Intended Outcome

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

Practice 5.3

The tenure of an Independent Director does not exceed a 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 justification and seek annual shareholders' approval through a two-tier voting process.

Application	: Applied														
Explanation on application of the practice	<p>In complying with the above Practice, the Board has embedded its policy on the tenure of directorships to be part of Clause 9 of the Board Charter, whereby inter alia:-</p> <ol style="list-style-type: none">1. The tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years; and2. Upon completion of 9 years, an Independent Non-Executive Director may continue to serve on the Board as a Non-Independent Non-Executive Director. <p>As at 31 December 2021 and until todate, CTOS Digital has duly complied with the Independent Non-Executive Director's tenure that should not exceed a cumulative term of nine (9) years.</p> <p>The tenure of the respective Independent Non-Executive Director as at 31 December 2021 was as stated below:-</p> <table border="1"><thead><tr><th>Name of Directors</th><th>Tenure</th></tr></thead><tbody><tr><td>1. Tan Sri Izzuddin Bin Dali</td><td>7 years, 4 months</td></tr><tr><td>2. Dato' Noorazman Bin Abd Aziz</td><td>1 year, 10 months</td></tr><tr><td>3. Ms. Lynette Yeow Su-Yin</td><td>1 year, 3 months</td></tr><tr><td>4. Mrs. Nirmala A/P Doraisamy</td><td>9 months</td></tr><tr><td>5. Ms. Su Puay Leng</td><td>7 months</td></tr><tr><td>6. Datuk Azizan Bin Haji Abd Rahman</td><td>7 years, 3 months <i>Resigned on 7 March 2022</i></td></tr></tbody></table> <p>In addition, as governed under Clause 9 of the Board Charter and Clause 5 of its Terms of Reference of the NRC, the Board assisted by the NRC, has the responsibilities:-</p> <ol style="list-style-type: none">(i) To review and recommend the continuation in office of INED who has served a cumulative term of nine (9) years;(ii) To provide the justification to retain an INED beyond nine (9) years, but not more than twelve (12) years; and	Name of Directors	Tenure	1. Tan Sri Izzuddin Bin Dali	7 years, 4 months	2. Dato' Noorazman Bin Abd Aziz	1 year, 10 months	3. Ms. Lynette Yeow Su-Yin	1 year, 3 months	4. Mrs. Nirmala A/P Doraisamy	9 months	5. Ms. Su Puay Leng	7 months	6. Datuk Azizan Bin Haji Abd Rahman	7 years, 3 months <i>Resigned on 7 March 2022</i>
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	(iii) To seek approval at Annual General Meeting through a two-tier voting process if the Board intends to retain INED beyond the said nine (9) years, but not more than twelve (12) years.
Explanation for departure	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	N/A
Timeframe	N/A

Intended Outcome

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

Practice 5.4 – Step Up

The Board has a policy which limits the tenure of its Independent Directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	Not applicable – Adopted Practice 5.3
Explanation on application of the practice :	N/A
Explanation for departure :	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	N/A
Timeframe :	N/A

Intended Outcome

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

Practice 5.5

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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

Application :	Applied
Explanation on application of the practice :	<p>It is duly embedded under Clause 5 of the Board Charter that the Chairman of the Board is responsible in ensuring that prior to any new appointments to the Board, an assessment is undertaken on the candidate to ensure they have the necessary skills, expertise and diversity to carry out their fiduciary duty. In addition, Clause 8 the Board Charter had expanded to capture the following requirements:-</p> <ul style="list-style-type: none">(i) The Board Composition shall comprise Directors with the balance of skills, diversity and expertise who collectively possess the necessary qualifications to carry out the fiduciary duties of the Board;(ii) The appointment of Board Members shall be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender; and(iii) The Board shall endeavour to maintain a composition of at least 30% female Directors. <p>Please refer to Annual Report on the details of mixed diversity of the Board Members, a copy is published on CTOS Digital's website at https://ctosdigital.com/corporate-governance/</p> <p><u>Directors' Selection Policy</u></p> <p>The Board has further established its Directors' Selection Policy to outline the detailed processes and criteria for selection and assessment of potential candidates for the election to the Board of Directors of the Company. Under the Policy, the following important factors have been identified to achieve an optimal Board composition:</p> <ul style="list-style-type: none">(i) Appropriate range and balance of skills, experience, knowledge, age, cultural background, gender and independence of Directors;(ii) The right balance between query and teamwork, and fresh input of new ideas and critical thinking, while maintaining a cohesive Board;(iii) Diversity of personal attributes among Board members, including: intellect and judgement, courage, openness, honesty and tact, ability to listen, forge relationships and develop trust. Diversity of background and gender is important to ensure that

- the Board is not composed solely of like-minded individuals;
- (iv) Shall endeavour to maintain a composition of at least 30% female Directors.

Diversity and Inclusion under Sustainability Strategy

On CTOS Digital and its Group level (collectively referred to as “CTOS”), part of the sustainability strategies and initiatives include Diversity and Inclusion both at Senior Management level and overall employee level. CTOS seeks to provide a workplace that prioritises diversity and inclusion in order to continue building an environment without any barriers to entry and career advancement, an environment that is purely based on equal opportunity and merit, working towards maintaining the longevity and sustainability of the business.

While CTOS needs to provide a conducive working environment that practices equality and fosters an all-inclusive spirit among its employees, it is equally imperative for the Company to cultivate an inclusive and diverse talent pool that forms the foundation of any successful business. Therefore, with a diversified and inclusive workforce, CTOS will be stronger and it will be able to promote richer ideas, resulting in more effective and innovative business solutions. CTOS encourages the employees to thrive and gain access towards unlocking and developing their full potential, by providing our employees with a fair and inclusive working environment.

The Senior Leadership Team of CTOS are appointed based on their relevant knowledge, skills, credentials, and experiences to the Company. CTOS strives to be an equal opportunity employer who does not discriminate against race, ethnicity, religion, nationality, gender or disability. The same was materialized through the following CTOS compositions:-

Senior Management / C-Level Team (CLT)	Male	60%
	Female	40%
Senior Leadership Team / Heads of Department (SLT/HODs)	Male	67%
	Female	33%
CLT/SLT/HODs	Male	65%
	Female	35%

No	Employee	Designation	Age	Appointment Date	Gender	Race	Religion	Nationality
1	Dennis Colin Martin	Group CEO	58	01/06/2017	Male	European	Christian	New Zealander
2	Erick Hamburger	Deputy GCEO	52	20/09/2021	Male	Latin Americans	Christian	Colombian
3	Chin Kuan Weng	CEO	51	18/11/2014	Male	Chinese	Buddhist	Malaysian
4	Chen Thai Foong	Group CFO	59	05/04/2016	Female	Chinese	Buddhist	Malaysian
5	Tracy Gan Jo Lin	COO	45	02/05/2017	Female	Chinese	Buddhist	Malaysian

Under the Sustainability Strategy and the Company’s Manpower Planning Policy, there are avenues available for any aggrieved person to lodge complaint against any discrimination encountered in CTOS Digital.

	<p><u>Time Commitment</u></p> <p>The Board had included a term under Clause 6 of its Board Charter requiring every Director of the Company shall devote sufficient time to prepare for and attend Board and Board Committee meetings, any continuous training programmes and briefings. In addition, further term was included to ensure that the Director of the Company must not hold more than five (5) Directorships in a public listed company as prescribed by Bursa MMLR. The Board further imposed term on the Executive Director whereby such person must not hold directorship in any other public listed company. These measures would assist the Board in ensuring that the Director’s commitment in his/her time and resources will not be affected in discharging his/her duties effectively as a Director of the Company.</p> <p><u>Directors’ Qualification Fit and Proper Policy</u></p> <p>The Board had recently implemented the Directors’ Qualification Fit and Proper Policy. Under the Policy, the Directors are required to meet the qualification, fitness and propriety throughout the directorship tenure and this include the requirement on integrity of the Directors.</p> <p>A copy of the Policy is published on CTOS Digital’s website and can be accessed at https://ctosdigital.com/corporate-governance/</p>	
<p>Explanation for departure</p>	<p>: N/A</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>: N/A</p>	
<p>Timeframe</p>	<p>: N/A</p>	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board with the assistance of the NRC, is responsible for the appointment of the Company's Directors. Under the Terms of Reference of the NRC ("NRC TOR"), the NRC is responsible in recommending suitable candidates for directorship on the Board. For this purpose, the NRC would take into consideration the following objective criteria, merit and with due regard of the required diversity in skills, experience, age, cultural background, and gender:</p> <ul style="list-style-type: none">(i) Skills, knowledge, expertise, experience, and wide range of backgrounds of the candidates;(ii) Professionalism of the candidates;(iii) Character, competence and integrity of the candidates;(v) Commitment and time, contribution, and performance of the candidates;(vi) In the case of candidates for the position of Independent Directors, evaluate the candidates' ability to discharge such responsibilities and functions as expected from an Independent Director;(vii) In the case of candidates filling seats in respect of the Audit and Risk Committee in particular, to ensure the candidate is financially literate and possesses a wide range of necessary skills to discharge his/her duties. <p>As provided under the NRC TOR, the NRC is accorded with the option to utilise independent sources and variety of approaches to identify suitably qualified candidates. The NRC would disclose the source whether such candidates were recommended by the existing Directors, Members of Senior Management or major shareholders.</p>

	<p><u>Directors' Selection Policy</u></p> <p>In enforcing its oversight function, the Board had further established its Directors' Selection Policy to capture the selection process for the appointment of Directors. Under the Policy the NRC shall proactively exchange views with Board Members to study the needs for new Directors of the Company and would request nominations from the Board, as well as actively seek suggestions for possible nominees from other sources. The NRC may consider using executive search firms to assist with finding the right candidates with the required skills and background.</p> <p>Upon being listed, there was no new appointment to the Board. The Board and the NRC would be guided with the above established processes in the event of new future appointment of Director of CTOS Digital.</p>	
<p>Explanation for departure</p>	<p>N/A</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>N/A</p>	
<p>Timeframe</p>	<p>N/A</p>	

Intended Outcome

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

Practice 5.7

The Board should ensure shareholder have the information they require to make an informed decision on the appointment and reappointment of a Director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the listed company as a whole. The Board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>Upon being listed, the Company will hold its first Annual General Meeting (“AGM”) on 27 May 2022. The Notice of AGM will be circulated to the shareholder together with the Company’s first Annual Report.</p> <p>In complying with the Practice 5.7, the Board would ensure that the Annual Report to be circulated to the shareholders will include the details on any of the Directors’ interest, position or relationship that might influence or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the listed company as a whole.</p> <p>The Board assisted by the Company Secretary will ensure that an Explanatory Note accompanying the upcoming Notice of AGM will include a statement as to whether the Board supports the appointment or reappointment of the proposed candidates for the re-election at the AGM and the reasons thereof. The summary of the said Notice is as stated below:-</p> <p><i>Statement Accompanying Notice of Annual General Meeting</i></p> <p><i>[Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad]</i></p> <p><u>Election/Appointment as Directors</u></p> <p><i>There are no individuals standing for election/appointment as Directors at the 2022 Annual General Meeting (“AGM”).</i></p> <p><i>The Directors who are standing for re-election are Mr. Loh Kok Leong and Dato’ Noorazman Bin Abd Aziz, whose profiles are described in the 2021 Annual Report.</i></p> <p><i>The Board has through the Nomination and Remuneration Committee (“NRC”), considered the assessment of the Directors and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities on character, experience, integrity, competence and time to effectively discharge their roles as Directors. Both Directors have also met the relevant requirements under the fit and proper assessment. The NRC and the Board had also</i></p>

	<p><i>undertaken an annual assessment on the independence of Dato' Noorazman Bin Abd Aziz.</i></p> <p><i>Having considered the above, the Board supports and recommended the re-election of Mr. Loh Kok Leong and Dato' Noorazman Bin Abd Aziz as Directors of the Company.</i></p>	
Explanation for departure	: N/A	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	: N/A	
Timeframe	: N/A	

Intended Outcome

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

Practice 5.8

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

Application	: Applied
Explanation on application of the practice	<p>The Chairman of the NRC is Ms. Lynette Yeow Su-Yin. She is an Independent Non-Executive Director of the Company. Below is the profile of Ms. Lynette Yeow.</p> <p><u>Ms. Lynette Yeow Su-Yin</u></p> <p>Academic/Qualifications/Membership(s):</p> <ul style="list-style-type: none">- Bachelor of Arts in Law (University of Cambridge, United Kingdom)- Master of Arts in Law (University of Cambridge, United Kingdom)- Advocate and Solicitor of the High Court of Malaya- Member of the Malaysian Bar <p>Relevant Working Experience:</p> <p>A lawyer by profession, over 27 years of experience specialising in corporate and securities laws, mergers and acquisitions and capital markets.</p> <ul style="list-style-type: none">- Consultant, Messrs Sanjay Mohan- Consultant, Messrs Chua Associates- Partner, Messrs Chua Associates- Partner, Kadir Andri & Partner- Partner, Messrs Zaid Ibrahim & Co- Partner, Messrs Raslan Loong <p>Present Directorship(s) in other Public or Listed Companies and other organisation:</p> <ul style="list-style-type: none">- Independent Non-Executive Director of Malaysia Building Society Berhad- Board Member of the Securities Commission Malaysia- Trustee of The Datai Pledge <p><u>Roles and Responsibilities as Chairman of the NRC</u></p> <p>As outlined by the Board under the NRC TOR, Ms. Lynette Yeow, being the Chairman of the NRC, undertakes the main role and responsibilities which include, but are not limited to the following:</p> <ol style="list-style-type: none">1. To preside over all NRC meetings and ensuring the effective discharge of the NRC's duties and responsibilities.

	<ol style="list-style-type: none"> 2. To ensure that all members are enabled and encouraged to play their full role as an NRC member and making certain that all members receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at the NRC meetings. 3. To report on material issues, which have been deliberated at NRC meetings to the Board. 4. Lead the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed. 5. Lead the succession planning and appointment of Directors, and oversee the development of a diverse pipeline for the succession of Board and the Senior Management (C-Level Team) including the future Chairman, Executive Directors and GCEO.
Explanation for departure	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: N/A
Timeframe	: N/A

Intended Outcome

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

Practice 5.9

The Board comprises at least 30% women Directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had duly complied with the requirement of having at least 30% women Directors.</p> <p>As at 31 December 2021, three women, representing 37.5% of the Board Members, have served as Directors on the Board namely:</p> <ol style="list-style-type: none">1. Ms. Lynette Yeow Su-Yin;2. Mrs. Nirmala A/P Doraisamy; and3. Ms. Su Puay Leng. <p><i>(Note: the percentage had increased as at April 2022 to 42.8% under current Board composition)</i></p> <p>The Board opined that a diverse Board is necessary to provide multiple perspectives, experiences and expertise needed in order to achieve an effective stewardship in value creation. It is key to ensuring the Company stays relevant in the rapidly evolving business environment.</p> <p>Reflecting the Board's continuous commitment toward this gender diversity policy, the requirement of having at least 30% of women Directors in the composition of the Board was duly embedded throughout the Company's internal policy and governance document i.e. Clause 8.3 of the Board Charter and Clause 4 of the Directors' Selection Policy.</p>
Explanation for departure	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A

Intended Outcome

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

Practice 5.10

The Board discloses in its annual report the company's policy on gender diversity for the Board and Senior Management.

Application	:	Applied
Explanation on application of the practice	:	<p>Read together with the Explanations under Practice 5.5 and Practice 5.9.</p> <p>As outlined in the Board Charter and the Directors' Selection Policy, the Board endeavours to maintain a composition of at least 30% female Directors in its Board composition.</p> <p>Under the Company's first issued Annual Report, the Board will ensure the inclusion of a disclosure on Boardroom Diversity in the Corporate Governance Overview Statement for the financial period ended 31 December 2021.</p> <p>The Board and the Company recognise that having a Board and Senior Management that comprise of people from various background, experience, age, gender and race provide a compelling competitive advantage to the Company. These divergences allow for difference in opinion and perspectives and offer all options are deliberated before decisions are made. These distinctions are duly considered when deciding on the Board composition and the appointment of Senior Management.</p> <p>The Board had embedded the criteria, process, and requirements to be followed by NRC in carrying out its responsibilities in terms of nomination, assessment, and re-election of Board Members. The same was duly captured under the NRC TOR, the Directors' Selection Policy and the Directors' Performance Assessment Framework.</p> <p>Under the Directors' Selection Policy, the Board had outlined the approach on the diversity of the Board composition including gender, age and cultural background diversity.</p> <p><u>Diversity in Senior Management</u></p> <p>Similar oversight approached was adopted by the Board on the diversity of the Company's Senior Management. The overall diversity initiatives are disclosed as part of the Company and its Group's sustainability plan. Full information can be found under Sustainability Statement in the Company's Annual Report 2021.</p>

	<p>As at 31 December 2021 until todate, the Company and its Group had maintained a healthy balance of diversity with the participation of female officers in the senior management level (C-Level Team, Senior Leadership Team and Heads of Department) are above the 30% inclusion percentage.</p> <p>As part of the Sustainability initiatives disclosed in the Annual Report, the Board together with Management would review the diversity in the Company's Senior Management composition from time to time.</p> <p>A copy of the above Annual Report 2021 can be assessed on the Company's website at https://ctosdigital.com</p>	
Explanation for departure	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	N/A	
Timeframe	N/A	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

Practice 6.1

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

For Large Companies, the Board engages independent experts at least every three years, to facilitate objective and candid Board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>Read together with the Explanations under Practice 4.4 and 5.1.</p> <p><u>The Board, Board Committees and Directors Performance Assessment</u></p> <p>The Board has adopted a formal and objective annual evaluation of the Board, Board Committees and Directors' performance as established under the Directors' Performance Assessment Framework. The assessment took into account the Board's leadership, effectiveness, and individual Director's performance in discharging their responsibilities for the governance of Company's sustainability including setting the Company's sustainability strategies, priorities and targets. The performance criteria cover the necessary quality, integrity, credibility, and competencies of the Director's contribution to the Company development and growth.</p> <p>The evaluation process was based on self/peer assessments whereby the Directors assessed themselves and also the Board as a whole as well as the performance of each Board Committee. The criteria and outcome of the assessment were properly documented. The evaluation process is led by the Chairman of the NRC, assisted by the Company Secretary. Each Director conducts the evaluation based on online questionnaire in a confidential manner.</p> <p>Based on the recent assessment, the NRC was satisfied that the Board size and its composition are optimum as the Board comprises individuals with the requisite skills, knowledge, experience, characteristics and competencies to effectively discharge their roles. The Directors, the Board and the Board Committees had discharged their responsibilities in a commendable manner and contributed to the overall effectiveness of the Board and the Company. The Directors had committed the time necessary to responsibly fulfil their commitment to the Company during the year. There were a</p>

	<p>total of 15 Board meetings and 10 Board Committees meetings held during the financial year 2021.</p> <p>The Board engages an external Company Secretary who is from an independent external secretarial firm to facilitate the said performance assessment which was conducted via evaluation forms. Our external Company Secretary from Tricor Corporate Services Sdn Bhd had assisted in the preparation of documents for the annual evaluation and facilitates the evaluation which includes self and peer evaluation. The result was tabled and deliberated by the NRC and reported to the Board.</p>	
<p>Explanation for departure</p>	<p>N/A</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>N/A</p>	
<p>Timeframe</p>	<p>N/A</p>	

Intended Outcome

The level and composition of remuneration of Directors and Senior Management take into account the company's desire to attract and retain the right talent in the Board and Senior Management to drive the company's long-term objectives.

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

Practice 7.1

The Board has remuneration policies and procedures to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of Non-Executive Directors, Executive Directors and Senior Management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>Read with the Explanation under Practice 7.2.</p> <p>The Company has established the Directors' Remuneration Policy ("the Policy") and the Senior Management Remuneration and Assessment Framework ("Framework") to determine the remuneration of its Directors and Senior Management.</p> <p>Both the Policy and Framework aim at providing guidance in setting the appropriate level of remuneration that would allow the Company to attract and retain the service and the employment of suitable, talented and well-qualified Directors and Senior Management respectively in line with the long-term business strategies of the Company.</p> <p><u>The Directors' Remuneration Policy</u></p> <p>For the Directors, the remuneration policy and the adopted processes had appropriately reflected the different roles and responsibilities of Non-Executive Directors, Executive Directors and Senior Management. These policy and practices are periodically reviewed by the NRC to ensure its continued relevance throughout the period upon consideration made on the salary, benefits-in-kind, other emoluments and annual performance bonus in detail, ensuring the remuneration is attractive to retain and able to motivate them to run the Company. The NRC is guided by the following principles governing the remuneration to be paid to the individual Directors:-</p> <ul style="list-style-type: none">i. the demands, complexities and performance as a whole of the Company;ii. the level of responsibilities, the skills, expertise and experience required;

	<p>iii. that the remuneration is set at a competitive level for similar roles and responsibilities within current market practices by comparable companies; and</p> <p>iv. that any such remuneration incentives do not conflict with the Directors' obligations to bring objectivity and independent judgment to the Company.</p> <p><u>Senior Management Remuneration and Assessment Framework</u></p> <p>Under the Framework, the remuneration structure for the GCEO and Senior Management is designed to ensure the alignment with shareholders' interest in driving the Company's performance via pay-for-performance principle.</p> <p>The underlying principle of the Framework is to reward the employees who have performed well and who have contributed to the overall profits, productivity, growth and sustainability of the Company.</p> <p>As for salary, the Company seeks to provide fixed remuneration to reflect the scale and complexity of both the business and the role, and to be competitive with the external market. The fixed salary is set according to job nature of the position including responsibility and complexity, the level of skills and experiences and market conditions. When approving salaries, the NRC considers the practice in other comparable companies as well as other companies of a similar size, geographic spread and business dynamics to the Company.</p> <p>In order to exercise its oversight on the remuneration of the Board and the Senior Management of the Company, the Board had embedded under the Board Charter and the NRC TOR, for the NRC to be responsible in reviewing and recommending the remuneration package for the Directors, GCEO and Senior Management to the Board; whilst the Board has overall responsibility to approve the remuneration for these positions.</p> <p>Any revisions to the Policy and Framework recommended by the NRC will be submitted to the Board for its consideration and approval.</p> <p>A copy of the Directors' Remuneration Policy is available on the Company's website at https://ctosdigital.com/corporate-governance/</p>
<p>Explanation for departure :</p>	<p>N/A</p>

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

Measure	:	N/A	
Timeframe	:	N/A	

Intended Outcome

The level and composition of remuneration of Directors and Senior Management take into account the company’s desire to attract and retain the right talent in the Board and Senior Management to drive the company’s long-term objectives.

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

Practice 7.2

The Board has a Remuneration Committee to implement its remuneration policies and procedures including reviewing and recommending matters relating to the remuneration of Board and Senior Management.

The Remuneration 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>Read together with Explanation under Practice 7.1</p> <p>Under the Board Charter, the NRC was delegated with the mandate to assist the Board on its remuneration oversight for the following matters:-</p> <ol style="list-style-type: none"> 1. To ensure that the Company has in place a remuneration policy and framework consistent with the Company’s business strategy, and a competitive remuneration structure so as to link rewards with corporate and individual performance to attract and retain the right talent of the appropriate calibre, skills, experience, and quality needed in the Board (which includes the Executive Director(s)) in order to drive and achieve the Group’s long-term objectives; and 2. To provide oversight on Human Resource (“HR”) matters, this includes recommending to the Board for approval of a remuneration policy for the Directors and Senior Management Officers (which include the GCEO, Deputy GCEO and any personnel designated with “Chief” title) in line with the long-term business strategies of the Group. <p>The NRC comprises majority of INEDs as listed below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #008080; color: white;"> <th style="width: 60%;">Name of Director</th> <th style="width: 40%;">Designation</th> </tr> </thead> <tbody> <tr> <td>1. Ms. Lynette Yeow Su-Yin (<i>Chairman</i>)</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>2. Dato’ Noorazman Bin Abd Aziz</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>3. Mr. Loh Kok Leong</td> <td>Non-Independent Non-Executive Director</td> </tr> </tbody> </table>	Name of Director	Designation	1. Ms. Lynette Yeow Su-Yin (<i>Chairman</i>)	Independent Non-Executive Director	2. Dato’ Noorazman Bin Abd Aziz	Independent Non-Executive Director	3. Mr. Loh Kok Leong	Non-Independent Non-Executive Director
Name of Director	Designation								
1. Ms. Lynette Yeow Su-Yin (<i>Chairman</i>)	Independent Non-Executive Director								
2. Dato’ Noorazman Bin Abd Aziz	Independent Non-Executive Director								
3. Mr. Loh Kok Leong	Non-Independent Non-Executive Director								

	<p>Under Clause 5 of the NRC TOR, the duties and responsibilities of the NRC with regard to the remuneration roles shall include the following:-</p> <ol style="list-style-type: none"> 1. To ensure the establishment of formal and transparent procedures for developing remuneration and HR policies, strategies and framework for Directors and the Senior Management; 2. To recommend and assist the Board on all aspects of remuneration for GCEO, Senior Management, including Directors' fees, salaries, allowances, bonuses, option, and benefits-in-kind, taking into consideration the following factors (where relevant): <ol style="list-style-type: none"> (i) Market competitiveness and in support of the Company's business strategy, complexity of the business and long-term objectives; (ii) Reflective of the responsibilities and commitment required; (iii) Sufficient but not excessive to attract and retain quality talent needed to manage the Company successfully; and (iv) Performance driven with a sufficient emphasis on long-term development of the Company to avoid any excessive short-term risk-taking. 3. To review the remuneration policies and framework periodically or as and when it is necessary, recommend for Board's approval the changes, in line with HR strategy and direction set by the Board; 4. To review and recommend for the Board's approval the remuneration (including the bonus payout and increment) of GCEO, Senior Management and the total performance bonus and yearly salary increase for all employees of the Company. <p>In addition, under Clause of 6 of the Terms of Reference of the Audit and Risk Committee ("ARC TOR"), the ARC is further made responsible to review the remuneration package, annual increment as well as appraisal or assessment of performance of the Group Head Internal Auditor and his/her deputy and his/her staff.</p> <p>The above structure and policy governance was set up by the Board to ensure that the Company's remuneration level is sufficient to attract, retain and motivate high calibre individuals with the required qualification, skills, talent and experience in the Board and Senior Management.</p>
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	A copy of the NRC TOR is available on the Company's website at https://ctosdigital.com/corporate-governance/	
Explanation for departure	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A

Intended Outcome

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

Practice 8.1

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

Application :	Applied																																																																								
Explanation on application of the practice :	<p>Under the Annual Report 2021, the Company has included the detailed disclosure on named basis for the remuneration of its individual Directors. The remuneration breakdown of individual Directors includes fees, salary, bonus, benefits in-kind and other emoluments.</p> <p>Under the Directors' Remuneration Policy, the following payments were made to the Directors for the year ended 31 December 2021 (<i>Company and Group basis</i>).</p> <table border="1"><thead><tr><th>Name</th><th>Salaries</th><th>Fees (RM)</th><th>Bonus</th><th>Allowance</th><th>Benefits in Kind</th><th>Others</th><th>Total (RM)</th></tr></thead><tbody><tr><td>Tan Sri Izzuddin Bin Dali</td><td>NIL</td><td>96,000</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>96,000</td></tr><tr><td>Datuk Azizan Bin Haji Abd Rahman (resigned on 7/3/2022)</td><td>NIL</td><td>84,000</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>84,000</td></tr><tr><td>Dato' Noorazman Bin Abd Aziz</td><td>NIL</td><td>72,000</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>72,000</td></tr><tr><td>Ms. Lynette Yeow Su-Yin</td><td>NIL</td><td>78,000</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>78,000</td></tr><tr><td>Mrs. Nirmala A/P Doraisamy (appointed on 1/4/2021)</td><td>NIL</td><td>54,000</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>54,000</td></tr><tr><td>Ms. Su Puay Leng (appointed on 27/5/2021)</td><td>NIL</td><td>42,968</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>42,968</td></tr><tr><td>Mr. Dennis Colin Martin</td><td>1,180,200</td><td>NIL</td><td>196,700</td><td>44,500</td><td>NIL</td><td>NIL</td><td>1,421,400</td></tr><tr><td>Ms. Shanti Isabelle A/P Geoffrey</td><td>NIL</td><td>18,290</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td><td>18,290</td></tr></tbody></table>	Name	Salaries	Fees (RM)	Bonus	Allowance	Benefits in Kind	Others	Total (RM)	Tan Sri Izzuddin Bin Dali	NIL	96,000	NIL	NIL	NIL	NIL	96,000	Datuk Azizan Bin Haji Abd Rahman (resigned on 7/3/2022)	NIL	84,000	NIL	NIL	NIL	NIL	84,000	Dato' Noorazman Bin Abd Aziz	NIL	72,000	NIL	NIL	NIL	NIL	72,000	Ms. Lynette Yeow Su-Yin	NIL	78,000	NIL	NIL	NIL	NIL	78,000	Mrs. Nirmala A/P Doraisamy (appointed on 1/4/2021)	NIL	54,000	NIL	NIL	NIL	NIL	54,000	Ms. Su Puay Leng (appointed on 27/5/2021)	NIL	42,968	NIL	NIL	NIL	NIL	42,968	Mr. Dennis Colin Martin	1,180,200	NIL	196,700	44,500	NIL	NIL	1,421,400	Ms. Shanti Isabelle A/P Geoffrey	NIL	18,290	NIL	NIL	NIL	NIL	18,290
Name	Salaries	Fees (RM)	Bonus	Allowance	Benefits in Kind	Others	Total (RM)																																																																		
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	(resigned on 17/5/2021)							
	Mr. Loh Kok Leong	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Mr. Wong Pau Min (alternate to Loh Kok Leong (appointed on 15/2/2021))	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<p>For clarity, Mr. Dennis Colin Martin received the above remuneration under his capacity as the GCEO and he did not receive any remuneration in his capacity as the Executive Director of the Company.</p>								
Explanation for departure	:	N/A						
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>								
Measure	:	N/A						
Timeframe	:	N/A						

Intended Outcome

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

Practice 8.2

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

Application	: Applied																																																																																								
Explanation on application of the practice	<p>The total remuneration of top five Senior Management of CTOS Digital (<i>highlighted in blue</i>) for the financial year ended 31 December 2021 are provided below in bands of RM50,000:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Name</th> <th>Position</th> <th>Total 2021 Remuneration</th> <th>Salary</th> <th>Allowance</th> <th>Bonus</th> <th>Parking Subsidy</th> <th>Medical Coverage</th> <th>Insurance Coverage</th> <th>Benefits in-kind</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dennis Colin Martin</td> <td>Group Chief Executive Officer of CTOS Digital Berhad</td> <td>RM1.4 million - RM1.450 million</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>2</td> <td>Erick Hamburger Barraza (joined 20/9/2021)</td> <td>Deputy Group Chief Executive Officer of CTOS Digital Berhad</td> <td>RM450 000 - RM500 000</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>3</td> <td>Chin Kuan Weng</td> <td>Chief Executive Officer of CTOS Data Systems Sdn Bhd</td> <td>RM750 000 - RM800 000</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>4</td> <td>Chen Thai Foong</td> <td>Group Chief Financial Officer of CTOS Digital Berhad</td> <td>RM750 000 - RM800 000</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>5</td> <td>Tracy Gan Jo Lin</td> <td>Chief Operating Officer of CTOS Data Systems Sdn Bhd</td> <td>RM750 000 - RM800 000</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>6</td> <td>Benjamin Lau Chi Meng</td> <td>Group General Manager, IT of CTOS Digital Berhad</td> <td>RM450 000 - RM500 000</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>7</td> <td>Lim Sue Ling</td> <td>Group Senior Head, Risk And Business Compliance of CTOS Digital Berhad</td> <td>RM250 000 - RM300 000</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>No</td> </tr> </tbody> </table>	No	Name	Position	Total 2021 Remuneration	Salary	Allowance	Bonus	Parking Subsidy	Medical Coverage	Insurance Coverage	Benefits in-kind	1	Dennis Colin Martin	Group Chief Executive Officer of CTOS Digital Berhad	RM1.4 million - RM1.450 million	Yes	Yes	Yes	Yes	Yes	Yes	No	2	Erick Hamburger Barraza (joined 20/9/2021)	Deputy Group Chief Executive Officer of CTOS Digital Berhad	RM450 000 - RM500 000	Yes	Yes	Yes	Yes	Yes	Yes	No	3	Chin Kuan Weng	Chief Executive Officer of CTOS Data Systems Sdn Bhd	RM750 000 - RM800 000	Yes	Yes	Yes	Yes	Yes	Yes	No	4	Chen Thai Foong	Group Chief Financial Officer of CTOS Digital Berhad	RM750 000 - RM800 000	Yes	Yes	Yes	Yes	Yes	Yes	No	5	Tracy Gan Jo Lin	Chief Operating Officer of CTOS Data Systems Sdn Bhd	RM750 000 - RM800 000	Yes	Yes	Yes	Yes	Yes	Yes	No	6	Benjamin Lau Chi Meng	Group General Manager, IT of CTOS Digital Berhad	RM450 000 - RM500 000	Yes	Yes	Yes	Yes	Yes	Yes	No	7	Lim Sue Ling	Group Senior Head, Risk And Business Compliance of CTOS Digital Berhad	RM250 000 - RM300 000	Yes	Yes	Yes	Yes	Yes	Yes	No
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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 8.3 - 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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Read together with the Explanation under Practice 1.4.</p> <p>CTOS Digital adopted the policy of having different individuals for the role of Chairman of the Board and the Chairman of its Board Committees including the ARC. This segregation is further embedded under Clause 5 of the Board Charter and under Clause 13.5 of the Terms of Reference of the ARC ("ARC TOR").</p> <p>The Chairman of CTOS Digital is Tan Sri Izzuddin Bin Dali and he is not the Chairman of the ARC. He does not attend nor participate in any meetings of the ARC either by way of invitation or otherwise.</p> <p>Datuk Azizan bin Abd Rahman was the Chairman of the ARC during the financial year ended 31 December 2021. He resigned as Director on 7 March 2022. The current Chairman of the ARC is Mrs. Nirmala A/P Doraisamy.</p>
Explanation for departure	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A

Intended Outcome

There is an effective and independent Audit Committee.

The Board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Currently, none of the Members of the ARC is a former key audit partners of the External Auditors of the Company or its subsidiaries.</p> <p>The Company has implemented a policy that requires a former partner of an external audit firm to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee. This requirement is duly embedded in Clause 13.3 of the ARC TOR.</p> <p>In addition, upon recommendation of the NRC, the Board had recently approved the adoption of the Qualification, Fit and Proper Policy. Under the Policy, it is part of the qualification, fit and proper criteria for any of the Independent Directors of the Company to comply with the Specific Qualification Criteria for Independent Director under Chapter 1 of the Bursa MMLR and the specific criteria under Bursa Malaysia Securities Berhad's ("Bursa Securities") Practice Note 13 Requirements for Directors and Signatory of Statutory Declaration for Accounts. These requirements were further included as part of the new Fit and Proper Declaration Form that the Director must declare and sign to confirm that they are/were not engaged or is/was a partner of External Auditors firm of the Company or its subsidiaries.</p> <p>All INEDs including the ARC Members had declared under CTOS Declaration Form - Confirmation of "Independence" pursuant to Bursa MMLR on their compliance of this requirement. All INEDs had declared that they have not been engaged as an adviser by the corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said corporation (CTOS Digital and its Related Companies) under such circumstances as prescribed by Bursa Securities.</p>
Explanation for departure	:	N/A

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

Intended Outcome

There is an effective and independent Audit Committee.

The Board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied														
Explanation on application of the practice	:	<p>As part of its oversight responsibilities, the Board had recently approved the Performance Evaluation Framework for External Auditor and Internal Audit Function ("Framework").</p> <p>Following the requirement under Paragraph 15.12(2) of Bursa MMLR, the Framework included the obligation of the ARC to recommend the nomination of a person or persons to be appointed as the External Auditors of the Company. The ARC's recommendation on the appointment (and reappointment) of External Auditors is required to be made based on an assessment of the independence and capabilities of the External Auditors as well as the effectiveness of the audit process.</p> <p><u>Key Components for Evaluation.</u></p> <p>The followings are the key components for the assessment of the External Auditors:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #008080; color: white;"> <th style="text-align: left;">Key component</th> <th style="text-align: left;">What is being assessed</th> </tr> </thead> <tbody> <tr> <td>Calibre of the firm</td> <td>The External Auditor's reputation and presence in the industry</td> </tr> <tr> <td>Quality processes and performance</td> <td>The processes within the external audit firm to ensure that key risks and issues relating to the audit are being managed</td> </tr> <tr> <td>Audit team</td> <td>The audit team's skills and expertise, including industry knowledge</td> </tr> <tr> <td>Independence and objectivity</td> <td>The processes in place to protect against impairment to independence and objectivity of the external audit firm</td> </tr> <tr> <td>Audit scope and planning</td> <td>Whether adequate considerations were given when the audit was scoped and planned. This includes whether the audit scope is aligned with corporate risk profile and management expectations</td> </tr> <tr> <td>Audit communications</td> <td>The frequency and matters discussed between the External Auditors and the ARC, including private sessions to deliberate key activities reviewed</td> </tr> </tbody> </table>	Key component	What is being assessed	Calibre of the firm	The External Auditor's reputation and presence in the industry	Quality processes and performance	The processes within the external audit firm to ensure that key risks and issues relating to the audit are being managed	Audit team	The audit team's skills and expertise, including industry knowledge	Independence and objectivity	The processes in place to protect against impairment to independence and objectivity of the external audit firm	Audit scope and planning	Whether adequate considerations were given when the audit was scoped and planned. This includes whether the audit scope is aligned with corporate risk profile and management expectations	Audit communications	The frequency and matters discussed between the External Auditors and the ARC, including private sessions to deliberate key activities reviewed
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Under the ARC TOR, the Board had mandated for the ARC to be responsible for the following matters: -

- i. To consider and make recommendations to the Board in relation to the nomination and re-appointment of the External Auditors, audit fees, resignation or dismissal of the External Auditors, by reviewing the engagement, compensation, performance, qualifications and independence of the External Auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of External Auditors for all other services;
- ii. To monitor the effectiveness of the External Auditors' performance and their independence and objectivity;
- iii. To review and approve the appointment of External Auditors for carrying out non-audit services;
- iv. To require External Auditors to submit on a periodic basis to the ARC a formal written statement delineating all relationships between the External Auditors and the Company, consistent with International Standard on Auditing (ISA) 260, "Communication with Those Charged with Governance" modified as appropriate based on the Malaysian guidelines for auditors independence, and to obtain confirmation from the External Auditors that they are and have been, independent throughout the conduct of the audit engagement.

Every year when the External Auditors present their audit plan or audit report, the External Auditors would provide their written assurance to the Company on their independence throughout the conduct of the audit engagement, in accordance with By-Laws of the Malaysian Institute of Accountants.

Evaluation Process

The evaluation process of the External Auditors involves both the Board/the ARC and Management level. Upon submission of the Company's evaluation form filled up by the Group Chief Financial Officer ("GCFO"), the ARC Members shall evaluate the same for its reference. This evaluation is important, considering that Finance Department is the External Auditor's key stakeholder. The ARC Members would complete their own evaluation form to assess on the performance of the External Auditors. A copy of the External Auditors' Annual Transparency Report would be submitted by the External Auditors to Securities Commission Malaysia's Audit Oversight Board. The Annual Transparency Report provides insight into the audit methodology applied, its culture and existing practices, as well as action being undertaken to maintain its audit quality. The Company Secretary will consolidate and summarise the evaluation results and table the same at the ARC meeting for deliberation. During the deliberation, the GCFO's (or Deputy GCFO) input shall be sought before

	<p>deriving at any decision. The ARC will recommend to the Board for the approval on the appointment or reappointment of the Company's External Auditors before the same is being tabled for the shareholders' approval at the Company's annual general meeting.</p> <p>The assessment to consider the suitability, objectivity and independence of the audit firm will be conducted on annual basis.</p> <p>For the upcoming Annual General Meeting, the assessment Framework established will be used by the ARC and the Board in assessing Messrs. PricewaterhouseCoopers PLT ("PwC") before their reappointment as the External Auditors of the Company being proposed to the shareholders.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Adopted											
Explanation on adoption of the practice :	Under Clause 13 of the ARC TOR, all ARC Members must be Non-Executive Directors and a majority of whom shall be Independent Directors. As at 31 December 2021 and until todate, all Members of the ARC are Independent Directors. The current composition of the ARC is as follows:-											
	<table border="1"> <thead> <tr> <th style="background-color: #008080; color: white;">Name of Director</th> <th style="background-color: #008080; color: white;">Designation</th> </tr> </thead> <tbody> <tr> <td>Mrs. Nirmala A/P Doraisamy</td> <td>Chairman, Independent Non-Executive Director (<i>appointed as Chairman on 7 March 2022</i>)</td> </tr> <tr> <td>Datuk Azizan Bin Haji Abd Rahman</td> <td>Chairman, (Independent Non-Executive Director) (<i>resigned on 7 March 2022</i>)</td> </tr> <tr> <td>Dato' Noorazman Bin Abd Aziz</td> <td>Member, Independent Non-Executive Director</td> </tr> <tr> <td>Ms. Su Puay Leng</td> <td>Member, Independent Non-Executive Director (<i>appointed on 7 March 2022</i>)</td> </tr> </tbody> </table>		Name of Director	Designation	Mrs. Nirmala A/P Doraisamy	Chairman, Independent Non-Executive Director (<i>appointed as Chairman on 7 March 2022</i>)	Datuk Azizan Bin Haji Abd Rahman	Chairman, (Independent Non-Executive Director) (<i>resigned on 7 March 2022</i>)	Dato' Noorazman Bin Abd Aziz	Member, Independent Non-Executive Director	Ms. Su Puay Leng	Member, Independent Non-Executive Director (<i>appointed on 7 March 2022</i>)
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Intended Outcome

There is an effective and independent Audit Committee.

The Board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>All the Members of the ARC possess a wide range of necessary skills to discharge their duties. The ARC Members of the Company are financially literate, competent and are able to understand matters under the purview of the ARC including the financial reporting process.</p> <p>The profiles of the ARC Members consisting of their education/professional qualification background, working experience and directorship experience are stated in the Company's Annual Report 2021 and can be accessed on our website at https://ctosdigital.com/investor-relations/</p> <p>As required under the ARC TOR, the ARC Members are highly recommended to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules, such as:-</p> <ol style="list-style-type: none">i. Cybersecurity;ii. Environment, social and governance ("ESG") aspects; andiii. Regulatory compliance. <p>All the ARC Members are required to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>Further details on the continuous professional development as stated under Explanation Practice 2.1, Practice 4.3 and Practice 5.5 above.</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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board affirmed its overall responsibility for CTOS Digital in establishing a sound system of risk management and internal control. The Board reviews the effectiveness, adequacy and integrity of the risk management framework and internal control system via the ARC. This is to ensure that the Company appropriately manages the significant risks encountered proportionate to their level of significance, to allow the Company to respond in timely manners and adapt to the changes in business and operating environment.</p> <p>The Board has established a strong risk management and internal control governance structure that is crucial in setting the tone and culture towards effective risk management and internal control. In order to discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions and internal controls and risk management to the ARC. The Board receives reports periodically from the ARC to keep the Board informed of its work, key deliberations and decisions on delegated matters.</p> <p>The Board continually articulates, implements and reviews the adequacy and effectiveness of the Company's enterprise-wide risk management and internal control system which has been embedded in all aspects of the Company's operation and activities. The Board, assisted by the ARC, reviews the processes, responsibilities and assesses for reasonable assurance that risks have been mitigated by formalizing relevant controls and processes and to ensure that the system is viable and robust.</p> <p>The Board confirms that there is continuous effort to enhance the overall risk management and internal control processes by pursuing various initiatives that involve the Company. This is in accordance with the guidance as contained in the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".</p> <p>The Board has received assurances from the GCEO and GCFO that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects,</p>

	based on the risk management and internal control system of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
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Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied												
Explanation on application of the practice	:	<p>CTOS Digital has a sound system of risk management framework and internal control systems in place to effectively manage its business risks. This ensures that the Company can run the operations smooth and efficiently as well as able to seize the business opportunities whilst managing the risks that could result in financial losses, reputational impact, etc.</p> <p>A. <u>Risk Management</u></p> <p>i. Risk Management Framework</p> <p>The Company's Enterprise Risk Management Policy and Procedure ("ERM Framework") is aligned to ISO 31000:2018 "Risk Management - Principles and Guidelines". The Framework provides a structured and consistent approach to risk management implementation across the Company for informed decision-making. With the ERM Framework, the Company identifies, analyses, evaluates and mitigates the risks to protect the Company from negative financial and non-financial consequences that exceed the risk appetite at operational function, business unit, divisional and Company levels. All risks relevant to the achievement of business objectives are evaluated and monitored. The relevant controls, action plans and Risk Owners are also identified. Each risk is rated according to its severity level depending on its likelihood and impact.</p> <p>The principles of the Company's ERM Framework are described in table below:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #008080; color: white;"> <th style="width: 10%;">No</th> <th style="width: 30%;">Principles</th> <th style="width: 60%;">Description</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td>Culture of risk ownership</td> <td>Risk management is part of the day-to-day job of all employees, driven through daily application of management and operational decisions.</td> </tr> <tr> <td style="text-align: center;">2</td> <td>Defined risk appetite and strategy</td> <td>Clear articulation of Board's risk appetite in pursuit of its business objectives.</td> </tr> <tr> <td style="text-align: center;">3</td> <td>Ensure proper governance and oversight function</td> <td>A clear, effective and robust risk governance structure with clearly defined lines of</td> </tr> </tbody> </table>	No	Principles	Description	1	Culture of risk ownership	Risk management is part of the day-to-day job of all employees, driven through daily application of management and operational decisions.	2	Defined risk appetite and strategy	Clear articulation of Board's risk appetite in pursuit of its business objectives.	3	Ensure proper governance and oversight function	A clear, effective and robust risk governance structure with clearly defined lines of
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3	Ensure proper governance and oversight function	A clear, effective and robust risk governance structure with clearly defined lines of												

		accountabilities has been established within the Company.
4	Implement sound risk framework, policies and process	Implementation of integrated risk framework, policies and procedures to ensure that risk management practices and processes are effective at all levels.
5	Execute risk management practices and processes	Strong risk management processes are in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the Company.
6	Functional capabilities and capacity	The right talent pool and infrastructure are key to effectively carry out risk management activities.

ii. Risk Appetite

CTOS Digital's risk appetite is an integral component of the CTOS Digital's robust Enterprise Risk Management Framework and is driven by both top-down Board leadership and bottom-up involvement of Management at all levels. The detailed risk appetite statement and risk indicators will be developed in FYE2022.

iii. Risk Governance and Oversight

The risk governance model of the Company is supported by a formal organisational structure with clear lines of authority and responsibility. It provides a formalised, transparent and effective governance structure that promotes active involvement from the Board and Senior Management in the risk management process to ensure a unified view of risk.

iv. Risk and Compliance Culture

The risk and compliance culture of CTOS is driven by a strong tone from the top by the Board and Senior Management and at the same time inculcate an enterprise-wide awareness of risks at all level of the Company. As part of the risk and compliance culture, CTOS has instilled a culture where the Board, Senior Management and employees are committed to adhere to the requirements of relevant laws, rules, and regulations. This commitment is clearly demonstrated through the establishment and enhancement of policies, processes and controls in managing and preventing non-compliances. Programmes related to risk and compliance including induction programme, e-Learnings and memorandums are established and driven by the Board and Senior Management as part of the journey toward effective risk management within the Company.

v. Risk Management Processes

The Company's risk management process is guided by ISO31000:2018 Risk Management Guidelines as illustrated below. It comprises the elements of Identification, Measurement, Controls, Monitoring and Reporting.

vi. Risk Assessment

During the financial year ended 31 December 2021, the Company conducted its risk management and internal control system reviews which were assessed by Risk Management Committee and reported to the ARC on quarterly basis. The Company identified major risk areas of concern and mitigating actions were undertaken within appropriate timeframes.

B. Internal Control System

Key elements of the Company's internal control system include:

- a. Strategic planning activities to set out the Company's direction on an annual basis;
- b. Budgetary planning that is carried out on an annual basis, and budgetary control and monitoring that are reported on a quarterly basis;
- c. Operational standard operating procedures for key activities within the Company;
- d. Periodic Management review meeting, at both Company level (between Company Management and subsidiary) and at subsidiary level;
- e. Formal Limits of Authority – the Company has established a Limits of Authority that sets out guidance for entering into contracts, commitments and appropriating assets in the course of conducting the Company's business; and
- f. Company Compliance Function – The roles and responsibilities of Compliance are primarily guided by but not limited to the rules and regulations issued by the relevant regulators including Registrar of Credit Reporting Agency under Ministry of Finance, Bank Negara Malaysia, Securities Commission and Bursa Malaysia. Compliance provides solutions to business whilst ensuring business objectives and regulatory obligations are met.

C. Internal Audit Function

The internal audit was conducted using a risk-based approach and was guided by the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors that provides guidance on internal audit standards and practices. Seven internal audit reports were issued and reported to the ARC for the financial year 2021. The principles on having an effective internal audit function are outlined in the following documents:

- i. The Internal Audit Charter. This document sets out the purpose, authority, responsibilities and reporting of the internal audit function and maintaining independence and objectivity status; and
- ii. The Internal Audit Framework. This document outlines a systematic methodology that is being used by internal audit (i.e. audit planning, audit fieldwork, audit reporting and audit follow-up).

	<p>Internal audit assessments were carried out based on the approved Internal Audit Plan for 2021, which was developed using a risk-based approach and in line with the Company's direction. The Internal Audit Plan was assessed on a quarterly basis in alignment with the business and risk environment. Root-cause analysis was conducted as part of the internal audit assessment work, to determine the underlying factors that contributing to the lapses or weaknesses in internal control system deployed. All internal audit observations were highlighted to relevant Management team members responsible for ensuring that corrective actions for improvement areas are carried out within the required timeframe. Follow-up assessments were conducted to determine state of Management's implementation of the internal audit recommendations, and its results were reported to the ARC.</p> <p>Please refer to Explanation under Practice 11.1 and Practice 11.2 below for details.</p> <p>The Company had disclosed the features of its risk management and internal control framework and the adequacy and effectiveness of this framework as part of its Annual Report under the Statement on Risk Management and Internal Control. A copy of the same is available on the Company's website at https://ctosdigital.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

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

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

Practice 10.3 - Step Up

The Board establishes a Risk Management Committee, which comprises a majority of Independent Directors, to oversee the company's risk management framework and policies.

Application	:	Adopted										
Explanation on adoption of the practice	:	<p>The Company has established a risk committee known as Audit and Risk Committee ("ARC") comprising three (3) Board Members to oversee the Company's risk management framework and policies.</p> <p>As at 31 December 2021 until todate, the Members of the ARC are all the Independent Non-Executive Directors, the details as stated below:</p> <table border="1"><thead><tr><th>Name of Director</th><th>Designation</th></tr></thead><tbody><tr><td>Mrs. Nirmala A/P Doraisamy</td><td>Chairman, Independent Non-Executive Director (<i>appointed as Chairman on 7 March 2022</i>)</td></tr><tr><td>Datuk Azizan Bin Haji Abd Rahman</td><td>Chairman, (Independent Non-Executive Director) (<i>resigned on 7 March 2022</i>)</td></tr><tr><td>Dato' Noorazman Bin Abd Aziz</td><td>Member, Independent Non-Executive Director</td></tr><tr><td>Ms. Su Puay Leng</td><td>Member, Independent Non-Executive Director (<i>appointed on 7 March 2022</i>)</td></tr></tbody></table>	Name of Director	Designation	Mrs. Nirmala A/P Doraisamy	Chairman, Independent Non-Executive Director (<i>appointed as Chairman on 7 March 2022</i>)	Datuk Azizan Bin Haji Abd Rahman	Chairman, (Independent Non-Executive Director) (<i>resigned on 7 March 2022</i>)	Dato' Noorazman Bin Abd Aziz	Member, Independent Non-Executive Director	Ms. Su Puay Leng	Member, Independent Non-Executive Director (<i>appointed on 7 March 2022</i>)
Name of Director	Designation											
Mrs. Nirmala A/P Doraisamy	Chairman, Independent Non-Executive Director (<i>appointed as Chairman on 7 March 2022</i>)											
Datuk Azizan Bin Haji Abd Rahman	Chairman, (Independent Non-Executive Director) (<i>resigned on 7 March 2022</i>)											
Dato' Noorazman Bin Abd Aziz	Member, Independent Non-Executive Director											
Ms. Su Puay Leng	Member, Independent Non-Executive Director (<i>appointed on 7 March 2022</i>)											

Intended Outcome

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

Practice 11.1

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

Application	: Applied
Explanation on application of the practice	<p>Read together with Explanation on Practice 10.2 and Practice 11.2</p> <p>The Company has an in-house Group Internal Audit Department ("IAD"). Its key functions are governed by the Company's Internal Audit Charter ("IA Charter") which is a formal document outlining IAD's purpose, function, authority, roles and responsibility and objectivity, which establishes IAD's position within the organisation and independent status within the Company.</p> <p>IAD performs independent audits in areas within the Company including overall governance and control, operations and financial activities, in accordance with the Internal Audit Plan ("Audit Plan"). Developed by IAD and approved by the ARC on an annual basis, the Audit Plan is assessed on a quarterly basis in alignment with the business and risk environment, and Company's direction.</p> <p>The appointment, removal, scope of work, performance evaluation and budget for the internal audit function is under the oversight purview of the ARC.</p> <p>The ARC has satisfied itself that in developing the scope of the internal audit function:</p> <ul style="list-style-type: none">(i) the person responsible for internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;(ii) internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively; and(iii) the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively. <p>The activities undertaken by the ARC include the following:</p> <ul style="list-style-type: none">(i) Approved the appointment of the Group Head of Internal Audit, who joined the Company on 3 August 2021.

	<ul style="list-style-type: none"> (ii) Reviewed and approved the annual internal audit plan for financial year ended 31 December 2021 to ensure comprehensiveness of scope and coverage as well as the adequacy and competency of internal audit function. Additionally, the ARC reviewed and approved the revised annual internal audit plan in view of changes to the corporate risk profile. (iii) Deliberated and approved IAD's organisation structure to promote independence. (iv) Reviewed the formalisation of Internal Audit Charter and Internal Audit Framework, and subsequently endorsed these documents for the Board's approval. (v) Reviewed the internal audit reports presented by the internal auditors and assessed the internal audit observations, recommendations and the Management's action plans to address internal audit recommendations. These include reviewing the business improvement points highlighted by the internal audit service provider, as well as the action plans agreed by the Management. (vi) Reviewed the adequacy and performance of internal audit function and its comprehensiveness of the coverage of activities within the Company. <p>In addition to holding a private meeting with the Group Head of Internal Auditor without the presence of the Management, the ARC had also carried out an assessment of the performance of the Group Head of Internal Audit for the period under review, in accordance with the Company's Performance Evaluation Framework for External Audit and Internal Audit Function.</p> <p>Please refer to the Audit and Risk Committee Report and the Statement on Risk Management and Internal Control under the Annual Report for the financial year end 2021 as published on the Company's website at https://ctosdigital.com/ for details.</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 11.2

The Board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>Read together with Explanation on Practice 10.2 and Practice 11.1.</p> <p>The internal audit function is headed by Mr. Fuad Hafis Shafie, as the Group Head of Internal Audit, who reports functionally to the ARC and administratively to the Deputy Group CEO. Mr. Fuad Hafis is a Certified Internal Auditor ('CIA'), a member of the Institute of Internal Auditors Malaysia. He also holds a Bachelor's degree in business administration and is currently pursuing his Master of Business Administration in Universiti Malaya. Mr. Fuad Hafis has more than 10 years of experience in the internal auditing and risk consulting field.</p> <p>IAD's audit processes and activities are carried out in accordance with the guidelines issued by the Institute of Internal Auditor's mandatory guidance established under the International Standards for the Professional Practice of Internal Auditing.</p> <p>The ARC exercises its oversight on the Company's internal audit function to ensure their objectivity and independence whereby the ARC is responsible for the following:</p> <ol style="list-style-type: none">i. To mandate the IAD or internal audit service providers to report directly to the ARC;ii. To review the adequacy of the scope, function, competency and resources of the internal audit function, and that it has the necessary independence and authority to carry out its work, which should be performed professionally and with impartiality and proficiency;iii. To review, challenge and approve:<ol style="list-style-type: none">a) the Internal Audit Charter, which defines the purpose, authority, scope and responsibilities of the internal audit function within the Company;b) internal audit annual budget;c) audit plan and audit methodology;d) to the extent applicable and ensure adequacy of scope, robustness in the audit planning process

	<p>and sufficient resources in place to implement the audit plan independently and objectively, and that internal audit function has the necessary authority to carry out its work;</p> <ol style="list-style-type: none"> iv. To review internal audit reports, discuss major findings and deficiencies in internal controls and ensure that appropriate and prompt remedial action is taken by the Management on lapses in internal controls or procedures that are identified by internal audit; v. To review the results of internal and/or external assessments performed on the internal audit function; vi. To review any difficulties encountered in the course of audit or compliance work, including any restrictions on the scope of activities or access to required information; vii. To approve any appointment or termination of internal audit service provider or the Group Head Internal Auditor and his/her deputy, if any; viii. To review and consult the Group CEO / Deputy Group CEO the remuneration package, annual increment as well as appraisal or assessment of performance of the Group Head Internal Auditor and his/her deputy and his/her staff; ix. To take cognisance of resignations of Group Head Internal Auditor and his/her deputy and provide him/her an opportunity to submit his reasons for resigning; x. To direct and review any special investigations to be carried out by internal audit as and when necessary and consider the major findings of the internal investigations and Management's response as well as remedial actions taken by the Management; xi. To review the ARC Report to be published in the Company's Annual Report; xii. To establish direct communication channels with the internal auditors and able to meet with the internal auditors without the presence of Management; and xiii. To note disagreements between the Group Head Internal Auditor and the rest of the Senior Management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings <p>For details, please refer to the Audit and Risk Committee Report and the Statement on Risk Management and Internal Control under the Annual Report for the financial year end 2021 as published on the Company's website at https://ctosdigital.com/ for details.</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>	

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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company communicates with its stakeholders through various channels and media. A constructive and effective investor relationship is important to enhance shareholder value and to always keep shareholders and various stakeholders informed of the Company's businesses, corporate affairs and ensures that the Company's communication with them is transparent and timely.</p> <p>Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. The shareholders and other stakeholders can subscribe to the Company's Investor Relations alerts via its website to enable subscribers be alerted on the latest new announcements posted to its website. Shareholders may further communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's web enquiry form on its website. The Company strives to reply to these enquiries within a reasonable time.</p> <p>The Company seeks to build long-term relationships with shareholders and potential investors through appropriate channels established for the Management and disclosure of information. The Company strives to disclose all price sensitive information to the public as soon as practicable and in the disclosures, the Company is guided by Bursa Securities' Corporate Disclosure Guide.</p> <p>All public announcements are electronically published and can be accessed at Bursa Malaysia's website at www.bursamalaysia.com or the Company's website at https://ctosdigital.com/. The Company's website includes dedicated sections for corporate governance, investor relations, news and events, and corporate information.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 12.2

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

Application	:	Departure
Explanation on application of the practice	:	N/A
Explanation for departure	:	<p>The Board acknowledges the importance of adopting the Integrated Reporting as the same provides information on how the Company's strategy, performance, governance and prospects lead to value creation, preservation or erosion.</p> <p>31 December 2021 would be the first financial year end reporting for CTOS Digital since being publicly listed on 19 July 2021.</p> <p>The Company intends to adopt the Integrated Reporting for its financial year end 2022 as the same would truly reflect the entire position of financial year reporting of the Company as a public listed entity.</p> <p>While the integrated report could assist the Company in enhancing the value of information available to stakeholders and advocates higher standards of transparency and accountability from the Company towards its stakeholders, the Board believes that the disclosures made under CTOS Digital's Annual Report FY2021 consist sufficient information to enable the stakeholder to make well informed decisions.</p> <p>The Company had taken the first step towards Integrated Reporting by adopting the disclosures on Sustainability, Risk Management and Internal Control as part of its Annual Report FY2021 to the stakeholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Adoption expected in Financial Year 2022
Timeframe	:	1 Year – Financial Year 2022

Intended Outcome

Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Upon being listed last year, the Company will have its first Annual General Meeting (“AGM”) in May 2022. The Company endeavours to provide Notice of AGM to the shareholders at least 28 days prior to the AGM date which is well in advance of the 21-day requirement under the Companies Act 2016 and the Bursa MMLR.</p> <p>The additional time will be given to shareholders for them to consider the resolutions and make an informed decision in exercising their voting rights at the AGM. In addition, this would further allow the shareholder to make the necessary arrangements to attend and participate in person or through corporate representatives or proxies.</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 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Upon being listed, the Company did not hold any General Meetings for the year 2021. The Company will have its first AGM as a public listed company in May 2022.</p> <p>The Board acknowledges its role and responsibilities as steward of the Company to continuously engage and provide constructive feedbacks to all shareholders' queries. The General Meetings will provide a platform for the Company, the Board Members and the Management to effectively communicate with the shareholders.</p> <p>As practised during the Extraordinary General Meeting held in February 2022, the Board looks forward to continue the full participation by all the Board Members and Senior Management at this upcoming AGM and future General Meetings of the Company. The Board is committed to provide meaningful response to questions from shareholders and other stakeholders during the General Meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Read together with Explanation on Practice 13.4.</p> <p>For its General Meetings, CTOS Digital strives to leverage on the technology to facilitate the voting and the remote participation by the shareholders in its General Meetings.</p> <p><u>Remote Shareholders' Participation in General Meetings.</u></p> <p>According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, an online meeting platform located in Malaysia is recognized as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online. For this purpose, the Company had and will be continuing utilizing the Online Meeting Platform: https://tiih.online provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") i.e. the Poll Administrator to conduct the polling process.</p> <p>The shareholder/members would be allowed appoint a proxy to attend and vote on their behalf at the Company's General Meetings. The shareholder may deposit their proxy form at the Share Registrar's office or by electronic means through the TIIH Online website.</p> <p><u>Voting in Absentia</u></p> <p>The shareholder/members, corporate representatives and proxies (collectively referred to as "shareholders") will be allowed to vote in absentia whereby they have to log on with their usernames and passwords at Tricor's TIIH Online website and participate remotely via live streaming. A short video by Tricor will be played to demonstrate to the shareholders who are present at the meeting on the process for online voting via TIIH Online. The voting session will be announced accordingly.</p>

	<p><u>Cyber Hygiene Practices</u></p> <p>Subsequent to the issuance of the Malaysian Code on Corporate Governance (“MCCG”) on 28 April 2021, Bursa Malaysia had sought confirmation from Tricor on their cyber hygiene practices to ensure data privacy and security to prevent cyber threats. Based on this, Tricor had confirmed that it has implemented an Information Technology and Information Security policy, endpoint controls and data classification for cyber hygiene practices of the staff. Stress test and penetration testing had been performed on TIIH Online in May 2021 to test its resiliency. In order to provide further assurance to the public, Tricor Malaysia is ISO27001 certified in October 2021. In addition to this, the TIIH Online is hosted on a secure cloud platform and the data centre is ISO27001 certified. The Company and Tricor will take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.</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

Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the Board should ensure that general meetings support meaningful engagement between the Board, Senior Management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.

Application	:	Applied
Explanation on application of the practice	:	<p>Read together with Explanation on Practice 13.3.</p> <p>The shareholders are to attend, speak (including posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor via its TIIH Online website.</p> <p>The Company would be issuing the Procedures to Remote Participation and Voting via RPV facilities in the Administrative Guide for the AGM ("Administrative Guide") to the shareholder.</p> <p>The documents for the General Meetings i.e. the Annual Report, Notice of General Meetings, Proxy Form and Administrative Guide are made available on the Company's website at. https://ctosdigital.com/.</p> <p>The shareholders will be accorded with an option to request for printed copy of the Annual Report/Circular. They may request the same from the Company's Share Registrar, Tricor's website at https://tiah.online by selecting "Request for Annual Report/Circular" under the "Investor Services". Alternatively, the shareholders could make their request through telephone/e-mail to the Company's Share Registrar.</p> <p>The shareholders will be allowed to pose questions during the live General Meeting Session of the Company and there will be as session for the Board or the Senior Management to provide answer therein. Subsequent to the General Meetings, the shareholders will be allowed to pose additional questions to the Investor Relations team via the Company's website.</p>

	<p>The Scrutineers will verify and announce the poll results for each resolution, which included votes in favour and against, upon which the Chairman would declare on the resolutions accordingly. The poll results will further be announced by the Company via Bursa LINK on the same day for the benefit of all shareholders.</p> <p>The Minutes of the General Meetings (including all the questions raised at the meeting and the answers thereto) will be made available on the Company's website under Investors Relations at https://ctosdigital.com/investor-relations/.</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

Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The Board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the Board, Senior Management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Application :	Applied
Explanation on application of the practice :	<p>Read together with Explanation on Practice 13.3 and Practice 13.4.</p> <p>The shareholders will be allowed to pose questions to the Board and Senior Management via TIH Online website at https://tiah.online in relation to the agenda items of the General Meetings. Ample time and opportunity will be made available for the shareholders to pose their questions.</p> <p>In order to ensure effective communication with the shareholders at a fully virtual/hybrid General Meetings, the questions posed by shareholders will be displayed on the screen for the meeting participants' reference.</p> <p>The Chairman of the Board or the GCEO will read out the questions submitted by the shareholders and provide the Board or Management's responses for the same.</p> <p>There will be sufficient time allocated for the Questions and Answers ("Q&A") session.</p> <p>At the same time, the employees of the Company will be fully engaged in responding to those questions received via the query box from the shareholders.</p> <p>Whilst the General Meetings are one of the platforms where the Company's shareholders can raise issues or seek explanation from the Board or the Management, the shareholders are free to share their feedback and questions to the Company via its website at any time outside of the General Meetings.</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

Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

Practice 13.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The draft minutes of the General Meetings will be circulated to the Board Members for comments before tabling to the Board for approval.</p> <p>The approved Minutes of General Meeting duly confirmed as correct record of proceedings will be published on the Company's website at https://ctosdigital.com/ within 30 business days from the date of the 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	:		

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

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

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