

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5099
COMPANY NAME : CAPITAL A BERHAD
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO 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 (the Board or Directors) of Capital A Berhad (Capital A or the Company) is responsible for the oversight of the overall management of Capital A group of companies (Group) and retains full and effective control over the affairs of the Group. The duties, powers and functions of the Board are governed by the Constitution of the Company, the Companies Act, 2016, Capital Markets and Services Act 2007, Malaysian Code on Corporate Governance 2021 (MCCG), Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and other regulatory guidelines and requirements.</p> <p>The Board is guided by the Board Charter in discharging its duties and responsibilities effectively, whilst certain functions have been delegated to the Chief Executive Officer (CEO), senior management and the Board Committees, namely the Audit Committee (AC), Nomination and Remuneration Committee (NRC), Risk Management and Sustainability Committee (RMSC), and the Safety Review Board (SRB), collectively referred to as "Committees". The delegation of authority to the Committees, the CEO, the Executive Directors and senior management are set out in the Board Charter and in the terms of reference (TOR) of the respective Committees. The Board Charter and TORs are available on the Company's website at www.capitala.com.</p> <p>(a) Promote good corporate governance ("CG") culture</p> <p>The Board, together with the CEO and senior management, is committed to promoting a good CG culture within the Group by reinforcing ethical, prudent and professional behaviour, and has devoted considerable effort to identifying and formalising best practices. The Board believes that sound and effective CG practices are fundamental to ensuring smooth and transparent operations of a company to attract investment and sustain long-term shareholder value while safeguarding the interests of stakeholders.</p>

The Limits of Authority (LOA) and Board Charter set out the applicable limits and matters which are reserved for the Board's consideration. Matters reserved for the Board's approval include the financial results, the Group's business plan, material capital investment matters, and the acquisition as well as disposal of assets or business.

(b) Guide the strategic business directions of the Group and oversee the conduct of the Group's businesses and investments

The CEO is responsible for:-

- (i) steering and directing the business direction of the Group;
- (ii) developing, implementing, and monitoring strategies for the Group; and
- (iii) exploring new business opportunities within digital, aviation, digital-related or aviation-related industries.

The Board also plays an active role in the development of the Company's strategy, monitoring its implementation and the Group's performance at Board meetings. The Board meets at least once every quarter with additional meetings convened as and when necessary for special matters. The Board reviews and/or approves, amongst others, the Group's quarterly financial results and operating performance against the annual budget and business plan for the year, its strategic investments, risk profile as well as sustainability activities.

The Board also reviews, challenges and decides on management's proposals for the Group, subsequently monitoring their implementation by management to ensure the Group's strategic plan supports long-term value creation. This includes strategies on economic, environmental and social considerations underpinning sustainability. Details of the Group's sustainability efforts for the year ended 31 December 2023 are set out in the Sustainability Statement in the Annual Report 2023.

The AC assists the Board in the discharge of its fiduciary duties, overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly presented in its financial statements. The Chairman of the AC reports to the Board on the proceedings and deliberations at meetings while making recommendations on matters under the committee's purview.

The ultimate responsibility for decision making lies with the Board.

(c) To supervise and assess management performance to determine whether the business of the Company is being properly managed

The Board delegates responsibility for the day-to-day operation of the business to the CEO to ensure that the Company operates within a framework of prudent and effective controls. The

management's performance under the leadership of the CEO is monitored by the Board at quarterly meetings through status reports which include comprehensive summaries of the Group's operating drivers and financial performance.

The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance. Relevant members of the management attend Board meetings to support the CEO in presenting updates on the progress of key initiatives, business targets and achievements, and to provide clarification on any queries or issues raised.

(d) To ensure that senior management has the necessary skills and experience and there are measures in place for the orderly succession planning of the Board and senior management

The Board, through the NRC, is responsible for ensuring an effective and orderly succession plan for the Board and senior management of the Company and the Group. The NRC is responsible for making recommendations on the nomination policy, succession planning framework and training programmes, as well as to report to the Board on performance, areas of improvement, and any matters related to the Directors and senior management at the end of each fiscal year.

(e) To ensure there is a sound framework for risk management and internal controls

The Board is committed to overseeing the internal controls and risk management systems within the Group, including the review of its adequacy, integrity and effectiveness to safeguard shareholders' interests and the Group's assets.

The RMSC oversees the Group's risk management activities, supporting the Board in fulfilling its responsibility to identify significant risks and ensure the implementation of appropriate systems to manage the Group's overall risk exposure. The RMSC also provides direction and advises on the listing of key sustainability indices that enhance investors' valuation of the Company.

The RMSC reviews and recommends for the Board's approval the annual Corporate Risk Profile which specifies the Group's key enterprise risks considering its strategic objectives. The RMSC then monitors the key risks facing the business to stay current on governance practices relating to the risks, while overseeing compliance with regulatory and statutory requirements.

The Board is satisfied that risk management policies and procedures designed and implemented by the senior management of the Company through the RMSC and Group Risk Management

	<p>department are sufficient to ensure that effective internal controls and risk management systems are in place to enable potential risks to be assessed and managed. The Statement on Risk Management and Internal Control is set out in the Annual Report 2023.</p> <p>(f) Effective communication for stakeholder engagement</p> <p>The Board is committed to providing effective and timely communication with its stakeholders. The Group uses several formal channels for effective dissemination of information to the public, namely the annual reports, announcements, quarterly financial results and media statements, which are released to Bursa Malaysia and published on Capital A’s website. The contact page on Capital A’s website provides the email addresses for investor relations inquiries, share registry, etc.</p> <p>(g) Ensuring integrity of the Company’s financial and non-financial reporting</p> <p>In carrying out its governance oversight, the Board emphasises the importance of embracing integrity and ethical values across the organisation. The same applies to the Company’s financial and non-financial reporting to ensure reliability, timeliness, transparency and compliance with the relevant standards. With reference to the adoption and implementation of Capital A’s Anti-Bribery and Anti-Corruption Policy (ABAC Policy), which was put in place on 1 June 2020, the management conducted a gap analysis to ensure that the policy is applied in all dealings that could give rise to bribery and/or corruption. In this regard, various departments within the organisation are assessed for risks related to corruption. Risk control, due diligence and anti-bribery and anti-corruption controls are carried out on these departments to reduce, mitigate and prevent potential risks.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.2

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>Datuk Kamarudin bin Meranun, a Non-Independent Executive Director, is the Chairman of the Board.</p> <p>The key responsibilities of the Chairman include, but are not limited to, the following:</p> <ul style="list-style-type: none">(i) To take the lead in engaging with the Government, aviation regulators and airport authorities in Malaysia and markets where the Group currently and will potentially operate;(ii) To lead the Board in setting the values and standards of Capital A and oversee the Board in the effective discharge of its role;(iii) To steer effective, productive and comprehensive discussions among Board members and management on key issues pertinent to the business and operations of the Group;(iv) To ensure constructive relations are maintained between the Board and management; and(v) To instil good corporate governance practices, leadership and effectiveness of the Board. <p>The Chairman, with the assistance of the CEO and the Company Secretary, sets the agenda for each Board meeting based on the annual meeting calendar, and the same is circulated to the Board members accordingly prior to each meeting.</p> <p>The Chairman leads the discussion at Board meetings, allowing sufficient time for deliberation on key issues and complex matters. He encourages active participation and allows views, including dissent, to be freely expressed.</p> <p>The Chairman also plays a key role in the conduct of general meetings. Besides ensuring the proper flow of resolutions tabled at the meetings, he manages the communication on the floor and encourages the active participation of shareholders, allowing sufficient time for the question-and-answer sessions. In addition, he ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole.</p> <p>The roles and responsibilities of the Chairman are clearly specified in the Board Charter.</p>

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and CEO are held by two different individuals to ensure balance of power and authority.</p> <p>The Board of Directors is chaired by Datuk Kamarudin bin Meranun, whilst the position of CEO is held by Tan Sri Anthony Francis Fernandes who also serves as an Executive Director of the Company.</p> <p>The CEO provides overall leadership in building brand value, reducing costs and driving efficiencies to improve the performance of the airline and other businesses in the Group.</p> <p>The key roles and responsibilities of the Chairman and CEO are set out in the Board Charter of the Company which is available on the Company's website at www.capitala.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

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairman of the Board, Datuk Kamarudin bin Meranun, is not a member of the AC, NRC, RMSC or SRB of the Company, and does not participate in any of the Committee meetings by way of invitation or in any other capacity.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a qualified and competent Company Secretary who is qualified to act as Company Secretary as prescribed under Section 235(2) of the Companies Act, 2016.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business of the Group.</p> <p>The Company Secretary advises on measures to be taken and requirements to be observed by the Company and its Directors arising from new statutes and guidelines issued by Bursa Malaysia, the Securities Commission Malaysia (SC) and the Companies Commission of Malaysia (CCM). The Company Secretary also advises the Directors on their obligations and duty to disclose their interests in the Company's securities, as well as any conflicts of interest in transactions involving the Company.</p> <p>The Company Secretary attends all Board, Committee and general meetings (save for SRB meetings, which are handled by the SRB) and ensures that accurate and proper records of the proceedings and resolutions passed are maintained in the statutory records at the registered office of the Company. The Company Secretary also facilitates timely communication of decisions made and policies set by the Board to the senior management for action.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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 Board Committee meetings for each financial year are scheduled in advance before the end of the preceding financial year, to enable the Directors to plan and coordinate their own schedules.</p> <p>Prior to Board and Committee meetings, all Directors receive the agenda and a set of Board/meeting papers containing information for deliberation. This is to accord sufficient time for the Directors to review the Board papers and seek clarification, if required, from senior management or the Company Secretary.</p> <p>To encourage a paperless environment, the Company grants digital access to the Directors via a dedicated Google Drive for meeting documents.</p> <p>Upon the conclusion of each meeting, the Company Secretary will circulate the minutes to the management and Directors for review to ensure that the minutes accurately reflect the proceedings of the meeting. The minutes of the meeting will be confirmed and signed by the Chairman at the following meeting.</p> <p>The Company Secretary makes use of video conferencing facilities to enable the participation of senior management from other offices without having to travel when the need arises. The video conference allows the Board to have access to information in a timely manner from the relevant person in charge while saving time and cost.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is guided by its Board Charter which sets out the responsibilities of the Board in discharging its fiduciary duties. The Board Charter is reviewed as and when necessary and upon any new regulations or laws that may have an impact on the discharge of the Board’s responsibilities. The Board Charter is available on the Company’s corporate website at www.capitala.com.</p> <p>The roles and responsibilities of the Board, the Chairman, the CEO and individual Directors, and the matters reserved for the Board, are set out in the Board Charter.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has put in place a Code of Conduct and Ethics which sets the Company's values and expected standard of conduct in carrying out its business fairly, impartially, ethically, and with the utmost regard to safety. It ensures the Company's Directors, employees, agents and representatives carry out their respective functions with honesty and impartiality while complying with applicable laws and regulations. It also outlines prohibited activities/misconduct involving gifts, gratuities, bribes, dishonest behaviour and sexual harassment.</p> <p>The Code of Conduct and Ethics promotes prudent management of conflicts of interest to ensure objectivity in carrying out the Company's duties.</p> <p>In addition to the Company's own Code of Conduct and Ethics, the Directors are required to observe the Code of Ethics established by the CCM in furtherance of their duties.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>In order to improve the overall organisational effectiveness and uphold the integrity of the Company, the Company has a Whistleblowing Policy and has set up a formal communication channel where all stakeholders can communicate their concerns in cases where the Company's business conduct is deemed to be contrary to its common values.</p> <p>The reporting procedure is set out in the policy.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The 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>The Board has overall responsibility for sustainability and setting the Group's strategic direction taking into account sustainability considerations, including matters involving climate strategy.</p> <p>In fulfilling its responsibilities related to sustainability, the Board and RMSC are supported by the Sustainability Working Group (SWG) comprising heads of department and lines of business across the Group. The SWG is chaired by the Chief Sustainability Officer, who takes the lead in managing sustainability targets by collaborating closely with various departments and internal functions within the Group. The Chief Sustainability Officer reports on progress made to the RMSC and/or Board on a quarterly basis.</p> <p>During the financial year, the SWG and the Board discussed the following matters:</p> <ul style="list-style-type: none">(a) Sustainability strategy, targets and initiatives;(b) Sustainability reporting performance and updates; and(c) Participation and results from sustainability ratings. <p>In 2022, the Company has developed the Sustainability Redbook. It serves as a guide towards delivering positive value for Capital A, the environment, people and communities through time-bound internal targets for the short and medium term. As part of the Group's commitment towards Net Zero Carbon by 2050, each business division is responsible for allocating resources channelled into sustainability initiatives that contribute towards this goal.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.2

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

Application	: Applied
Explanation on application of the practice	<p>The Group defines its stakeholders as those who are impacted by its operations as well as those with a vested interest therein. The Group maintains open and ongoing dialogue through various engagement channels with all its stakeholders, who are grouped into the following 10 categories:-</p> <ul style="list-style-type: none"> (a) Board of Directors (b) Employees (Allstars) (c) Business Partners (d) Customers (Guests) (e) Investors (f) Market Analysts (g) Regulators/Government Bodies (h) Social Enterprises (i) Suppliers (j) Local Communities <p>Depending on the stakeholder groups, several channels are used. These include:</p> <ul style="list-style-type: none"> (a) Sustainability Statement (b) Capital A’s corporate sustainability website (https://www.capitala.com/sustainability.html) (c) Press releases (d) Townhall by senior management (e) Social media <p>The Group’s sustainability strategies, priorities, targets and progress are reported in the Sustainability Statement included in the Annual Report 2023.</p>
Explanation for departure	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

The 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	:	Sustainability remains a key focus area for the Board. The Board is updated at its meetings, through reports from the RMSC, Chief Sustainability Officer and management, on key sustainability issues including climate-related risks and opportunities. The sustainability priorities and issues relevant to the Company and its businesses are set out in the Sustainability Statement included in the Annual Report 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The 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>Board performance evaluations are conducted annually to assess each Director's professional competency, attributes and personality. The NRC has assessed and is satisfied that the overall results of the Board performance evaluation for the financial year was satisfactory.</p> <p>The evaluation included an assessment of the performance of the Board in addressing the Group's material sustainability risks and opportunities. Within the evaluation, the Board also assessed the senior management on overall sustainability management in meeting the Group's sustainability targets.</p> <p>Based on the results of the performance evaluation, the NRC is satisfied that the Board members are knowledgeable and have deep understanding of the sustainability issues that are relevant to the Group. The NRC also assessed and agreed that the senior management has addressed relevant ESG risks in its risk reporting to the RMSC and Board and monitored the Group's sustainability targets.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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.

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
Application	: Adopted
Explanation on adoption of the practice	: <p>The Company has appointed the Chief Sustainability Officer as the designated personnel responsible for managing the Group's sustainability priorities. The Chief Sustainability Officer is supported by a team of sustainability analysts.</p> <p>The Chief Sustainability Officer chairs the Sustainability Working Group (SWG), which is assisted by the heads of department and lines of business across the Group, and takes the lead in managing sustainability targets by collaborating closely with various departments and internal functions within the Group. The Chief Sustainability Officer is also responsible for reviewing the composition of the SWG annually to reflect the Group's targeted sustainability priorities for each financial year.</p> <p>The SWG identifies, assesses, evaluates, manages and reports on current and emerging sustainability risks and opportunities relevant to the Group. The SWG also implements approved sustainability initiatives across the Group and monitors the Group's sustainability performance.</p> <p>The SWG submits the Company's sustainability performance/progress to the RMSC on a quarterly basis, following which the RMSC reports to the Board.</p>

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>The NRC reviews the size, balance and composition of the Board to ensure that the Board composition is refreshed periodically for it to operate in an effective manner.</p> <p>The Board has established a Directors' Fit and Proper Policy which sets out the fit and proper criteria for appointment and re-appointment of Directors on the Boards of the Group. The policy serves to guide the NRC and the Board in reviewing and assessing candidates proposed for appointment onto the Board as well as Directors seeking re-election.</p> <p>The NRC has reviewed, and the Board has recommended, the re-election of Tan Sri Anthony Francis Fernandes and Dato' Abdel Aziz @ Abdul Aziz Bin Abu Bakar who are to retire by rotation pursuant to Rule 119 of the Constitution of the Company.</p> <p>During the financial year, the NRC conducted the annual assessment on the effectiveness of the Board as a whole, the Board Committees, the individual Directors and the terms of office and performance of the AC and its members. The NRC reviewed the summary results thereof and recommended improvement(s) to the Board for approval.</p> <p>The NRC was satisfied with the Board's composition and believes the Directors have sufficient and relevant expertise in fulfilling their roles. In making its assessment and recommendations to the Board, the NRC considers criteria such as diversity in skills, experience, age, cultural background and gender to ensure a balanced composition of the Board in line with the Group's business strategies.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The current composition of the Board complies with the provisions of the MMLR of Bursa Malaysia for independent non-executive directors to make up at least one third (1/3) of the Board membership.</p> <p>The NRC was of the view, and the Board affirmed, that it was not the right time to recruit another independent director to the Board as the Board is focused on the Group's regularisation plan.</p> <p>The Board is of the view that its current size and composition are appropriate and effective, taking into account the nature and scope of the Company's operations. The Board is also of the view that its current composition fairly represents the required mix of relevant skills, knowledge and industry experience for the effective discharge of its responsibilities. As at the financial year end, the Board of the Company consisted of six (6) members with Independent Directors representing 50% of the total number. A detailed breakdown of the composition is as follows:-</p> <ul style="list-style-type: none">• An Executive Chairman• An Executive Director and CEO• A Non-Independent Non-Executive Director• A Senior Independent Non-Executive Director• Two (2) Independent Non-Executive Directors <p>Nonetheless, the Board, through its NRC, continues to place emphasis on recruiting suitable independent director(s) to achieve an optimum and balanced composition and to conform with Practice 5.2 of the MCCG.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board, through its NRC, will continue to place emphasis on recruiting suitable independent director(s) to achieve an optimum and balanced composition. However, this will be done over time, considering the present size, mix of skills, knowledge and experience of the existing Board members and senior management, and the evolving

	challenges to the Company, in accordance with the Board Diversity Policy. The ultimate decision on the selection of candidates will be based on merit in the context of the skills, experience and contribution the chosen candidate will bring to the Board.	
Timeframe	:	Within two years

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has in place a policy which limits the tenure of an Independent Director to nine (9) years in line with Practice 5.3 of the MCCG. If the Board intends to retain an Independent Director beyond nine (9) years, it will provide justification and seek shareholders' approval through a two-tier voting process. None of the Independent Directors of the Company has served on the Board for more than nine (9) years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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 Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 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>The Company has implemented procedures for the nomination and election of Directors through the NRC, which are made on personal merit and measured against objective criteria with due regard for the benefits of diversity in the boardroom. The NRC assesses candidates based on the skills, knowledge and experience required by the Company. The Company recognises the benefits of having a diverse Board. In line with its Board Diversity Policy, selection of candidates to join the Board is in part dependent on the pool of candidates with the necessary skills, knowledge and experience. The NRC will review the nominees for directorship by going through their profiles and interview the shortlisted candidates to ensure they are suitable and of sufficient calibre for recommendation to the Board for approval.</p> <p>Potential candidates are required to declare and confirm in writing their current directorships, that they are not undischarged bankrupts, or involved in any court proceedings in connection with the promotion, formation or management of a corporation involved in fraud or dishonesty punishable upon conviction with imprisonment, or subject to any investigation by any regulatory authority under any legislation. Furthermore, candidates being considered for the position of an independent director are required to declare and confirm their independence based on the criteria set out in the MMLR of Bursa Malaysia.</p> <p>Capital A's diverse Board includes and makes good use of differences in skills, regional and industry experience, background, race, ethnicity, age and other attributes of the Directors. Additionally, Capital A maintains a good mix of diversity in the senior management of the Company. The ultimate decisions on Board appointments will be based on merit and the contributions the candidate could bring to the Board.</p> <p>The Board strongly views diversity in composition to be important to facilitate optimal decision-making by harnessing different insights and perspectives of Directors from a wide variety of backgrounds, experience and skills.</p>

	The appointment of key senior management was also made with due regard to the need for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided in this Annual Report 2023.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a formal and transparent process for NRC to identify candidates who are suitably qualified to become Board members, including independent directors, and makes recommendations to the Board on the appointment of such individuals taking into consideration their competencies, commitment, contribution and performance. The NRC is supported by the People and Culture department in identifying suitable candidates for appointment to the Board.</p> <p>The existing Directors were appointed based on recommendations of Non-Executive Directors, the CEO, external search firms and other external sources.</p> <p>In identifying suitable candidates for appointment to the Board, the NRC will consider candidates based on merit against objective criteria and with due regard for the benefits of diversity on the Board. Some of the criteria to be taken into consideration include but are not necessarily limited to the following:</p> <ul style="list-style-type: none">(a) Millennial appeal(b) Gender diversity (female)(c) Entrepreneurial skills(d) Global mindset(e) Digital savvy(f) Influencer(g) Leadership role in a middle to large-sized organisation <p>The ultimate decision as to who is nominated shall be the responsibility of the full Board after considering the recommendations of the NRC based on merit and contributions the candidate can bring to the Board.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>Tan Sri Anthony Francis Fernandes and Dato' Aziz Abdel @ Abdul Aziz Bin Abu Bakar, collectively "the retiring Directors", are due for retirement by rotation pursuant to Rule 119 of the Constitution of the Company, and being eligible, have offered themselves for re-election as Directors of the Company at the upcoming Seventh Annual General Meeting (AGM) of the Company.</p> <p>The Board, through the NRC, has undertaken an annual assessment evaluation and fit and proper assessment of the retiring Directors.</p> <p>The retiring Directors have met the fit and proper criteria of Character and Integrity, Experience and Competence as well as Time and Commitment as outlined in the Directors' Fit and Proper Policy of the Company; and the Board is satisfied with the performance and contributions of the retiring Directors.</p> <p>Upon deliberation, the Board has endorsed the NRC's recommendation on their re-election and recommended the re-election of the two retiring Directors.</p> <p>The profiles of the Directors seeking re-election are set out in the Annual Report 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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 NRC is chaired by Dato' Fam Lee Ee, a Senior Independent Non-Executive Director of the Company.</p> <p>Dato' Fam Lee Ee has led the conduct of the NRC in an effective and objective manner.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at 31 December 2023, the Company had one woman director on its Board in compliance with Paragraph 15.02 (1) (b) of the MMLR of Bursa Malaysia.</p> <p>The Company has not been in compliance with the Listing Requirements after the passing away of Puan Surina binti Shukri on 29 February 2024.</p> <p>The NRC and the Board are actively seeking to fill the vacant position.</p> <p>The Board places emphasis on recruiting women directors to achieve an optimum and balanced composition.</p> <p>The Board has established a Board Diversity Policy which ensures a broad dimension of diversity to guarantee diverse viewpoints.</p> <p>The Board Diversity Policy is available on the Company's website at www.capitala.com.</p> <p>The Board is mindful of the recommended best practice of having at least 30% women directors.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The NRC and the Board are actively seeking new women directors to join the Company. The selection of candidates will be based on suggestions from existing Board members, senior management, major shareholders, external search firms or other independent sources. The ultimate decision on the appointment of a candidate as a Director of the Company will be based on merit in the context of the skills and experience and contributions the chosen candidate will bring to the Board.
Timeframe	:	Within two years

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>The Company's policy and initiatives on encouraging gender diversity on the Board and in senior management is disclosed in various sections of the Annual Report 2023.</p> <p>The Board acknowledges the importance of gender diversity and recognises the benefits that it can bring. The Board's prime focus in appointing new Directors is the strength of the Board members and the contributions they would bring to the Company. The overriding aim in any new appointment would be to select the best candidate available to achieve a balanced composition of the Board and ensure that Board decisions are made objectively and in the best interests of the Company taking into account diverse perspectives and insights. With this in mind, the Board will endeavour to have at least 30% women Directors in accordance with Practice 5.9 of the MCCG.</p> <p>The Company also seeks to maintain strong women representation in its management team. The Company is committed to sustaining an inclusive and high-performing culture taking into account gender diversity of the Board and senior management.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The NRC conducts annual performance evaluations covering the Board, Board Committees and individual Directors, including Independent Directors.</p> <p>The annual evaluation is internally facilitated and involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and areas where improvements could be considered.</p> <p>The evaluation process also involves a peer and self-review assessment.</p> <p>For the year 2023, the outcome of the assessments and comments by all Directors were summarised and discussed at an NRC meeting, and subsequently reported to the Board at a Board meeting.</p> <p>The NRC was satisfied that all the Directors have devoted sufficient time to discharge their responsibilities during the financial year.</p> <p>The NRC was also generally satisfied that the Board Committees comprised the right composition of members, provided useful recommendations in assisting the Board in its decision-making and consequently, the Board meetings were more efficient and effective. The members of the committees have sufficient and relevant expertise in fulfilling their roles. The NRC also reviewed and assessed the independence of the Independent Directors of the Company as required under the MMLR of Bursa Malaysia.</p>
Explanation for departure	:

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

Intended Outcome

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

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

Practice 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>The Board has adopted a formal and transparent Remuneration Policy Statement to attract and retain Directors and staff.</p> <p>The Company maintains transparent procedures in determining the remuneration policy for its Directors, CEO and senior management. The NRC is responsible for reviewing and recommending to the Board the compensation payable to the Directors, CEO and senior management in connection with their individual contributions to Capital A's overall performance, or any loss or termination of their office or appointment, and the compensation arrangements relating to their dismissal or removal for misconduct, if any.</p> <p>Executive Directors play no part in decisions on their own remuneration. The remuneration packages of Non-Executive Directors are determined by the Board as a whole, with the individual Directors concerned abstaining from the discussions. This is to ensure that compensation is competitive and consistent with Capital A's business strategy and long-term objectives.</p> <p>The aforesaid policy and procedures will be periodically reviewed and updated to remain competitive, appropriate and aligned with the prevalent market practices.</p> <p>The Remuneration Policy Statement is available on the Company's website at www.capitala.com.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The role of the NRC is clearly stated in its TOR, which is accessible on Capital A's website at www.capitala.com.</p> <p>The NRC is responsible for ensuring that members of the Board are fairly rewarded for their individual contributions to the Company's and the Group's overall performance, and that the levels of remuneration are sufficient to attract and retain talents to run the Company and the Group successfully.</p> <p>The NRC ensures the remuneration of Non-Executive Directors and Independent Directors of the Company are linked to their responsibilities as members of the Board and Committees and contributions to the effective functioning of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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>The Directors' remuneration packages are reviewed periodically to support long-term sustainability and shareholder value, consistent with Capital A's business strategy.</p> <p>The remuneration of the Independent Non-Executive Directors is approved by the shareholders at the Annual General Meeting of the Company.</p> <p>Detailed disclosure on a named basis of the remuneration of the Directors of the Company for the financial year ended 31 December 2023 is as follows:-</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits -in-kind	Other emolum ents	Total	Fee	Allowance	Salary	Bonus	Benefits -in-kind	Other emolum ents	Total
1	Datuk Kamarudin bin Meranun	Executive Director	-	-	8,220	-	-	8,826	17,046	-	-	8,220	-	-	8,826	17,046
2	Tan Sri Anthony Francis Fernandes	Executive Director	-	126	8,220	-	-	8,841	17,187	-	126	8,220	-	-	8,841	17,187
3	Dato' Abdel Aziz @ Abdul Aziz bin Abu Bakar	Non-Executive Non-Independent Director	412	64	-	-	-	-	476	412	64	-	-	-	-	476
4	Dato' Fam Lee Ee	Independent Director	432	64	-	-	-	-	496	432	64	-	-	-	-	496
5	Dato' Mohamed Khadar bin Merican	Independent Director	407	58	-	-	-	-	465	407	58	-	-	-	-	465
6	Surina binti Shukri (demised on 29 February 2024)	Independent Director	332	36	-	-	-	-	368	414	44	-	-	-	-	458

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the view that the disclosure of the senior management's remuneration would be unfavourable to the Group as talent poaching is common in the industry and the Group would like to ensure employee retention efforts are safeguarded.</p> <p>The Board will ensure that the remuneration of the senior management is commensurate with their level of duties and responsibilities and against the Company's and the Group's performance.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	<p>The disclosure of the salary of the top five senior management personnel is made on an aggregate basis in the Audited Financial Statements for the financial year.</p> <p>The Board will review on an annual basis such disclosures.</p>
Timeframe	:	Others

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	-	-	-	-	-	-	-	-

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	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	-	-	-	-	-	-	-	-

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC is chaired by Dato' Mohamed Khadar bin Merican, who is not the Chairman of the Board.</p> <p>As at 31 December 2023, the AC comprised three members, a majority of whom are Independent Non-Executive Directors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	None of the members of the AC is a former key audit partner. The TOR of the AC states the requirement that a former key audit partner of the Company's external auditors must observe a cooling-off period of at least three years before she/he can be considered for appointment to the AC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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>The Board, through the AC, has maintained an appropriate, formal and transparent relationship with the external auditors and has adopted an External Auditors Independence Policy. The AC meets the external auditors at least twice a year, and without the presence of senior management whenever necessary. Meetings with the external auditors are held to discuss Capital A's audit plans, audit findings, financial statements as well as to seek their professional advice on related matters. From time to time, the external auditors inform and update the AC on matters that require their attention.</p> <p>An External Auditor Independence Policy has been established to monitor the suitability and independence of external auditors. In the 2023 assessment of the performance of the external auditors, including their independence policies and procedures, the AC noted that the external auditors had, in accordance with the independence requirements set out in the By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants, evaluated the level of the threat to objectivity and potential safeguards to prevent any threats prior to acceptance of any non-audit engagement.</p> <p>The AC was satisfied and remains confident of the suitability, objectivity and independence of the external auditors, Messrs Ernst & Young (EY) and has made its recommendation to the Board on the re-appointment of EY for the ensuing year subject to shareholders' approval at the forthcoming Annual General 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	:		
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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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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>The members of the AC are financially literate and have the necessary skills and knowledge to meet their responsibilities and to discharge their duties.</p> <p>The AC Chairman, Dato' Mohamed Khadar bin Merican, is a member of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants.</p> <p>The NRC has carried out the annual assessment on the composition and performance of the AC and each of its members for the financial year ended 31 December 2023. Based on the evaluation, the Board is satisfied that the AC has carried out its duties and responsibilities.</p> <p>A detailed report on the activities of the AC for the financial year ended 31 December 2023 is set out in the Company's 2023 Annual Report.</p> <p>The AC members have attended training programmes to keep abreast of relevant industry issues, market developments and trends, including accounting and auditing standards to enable them to sustain their active participation in the functions of the AC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for implementing and maintaining a sound system of risk management and internal control in the Company and the Group.</p> <p>The Board is assisted by the RMSC in overseeing the Group's risk management framework and policies and also to oversee the processes used to identify, evaluate and manage risk.</p> <p>In fulfilling its responsibilities in risk management, the RMSC is assisted by the Risk Management Department (RMD). The primary responsibilities of the RMSC are as follows:</p> <ul style="list-style-type: none"> ● To oversee and recommend the Enterprise Risk Management (ERM) strategies, frameworks and policies of the Group; ● To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks; ● To implement and monitor a Business Continuity Plan (BCP) with procedures and systems to restore critical business functions in the event of any unplanned disaster; and ● To develop and inculcate a risk-aware culture within the Group. <p>The RMSC meets on a quarterly basis to evaluate and deliberate on the risk management activities presented by the RMD and recommend appropriate measures to mitigate the Group's risk exposures.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

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>The Board, through the RMSC, oversees the Group's risk management framework and policies as well as oversees the processes used to ensure effectiveness of risk identification, management and monitoring to safeguard the interests and meet the expectations of its shareholders, employees, customers and other stakeholders.</p> <p>The management team upholds the role in ensuring that policies and procedures on risk management and internal control are in place to manage these risks, on behalf of the Board. The CEO, Presidents and Group Chief Financial Officer provide further assurance with regard to the adequacy and effectiveness of the Group's risk management and system of internal control.</p> <p>Further details on the management and reporting of risks as well as the controls in place to mitigate and manage those risks are provided in the Statement on Risk Management and Internal Control in the Annual Report 2023.</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>As at 31 December 2023, the RMSC comprised three (3) Non-Executive Directors with a majority of Independent Directors.</p> <p>The RMSC enables the Board to undertake and evaluate key areas of risk exposures. In fulfilling its responsibilities in risk management, the RMSC is assisted by the RMD. The primary responsibilities of the RMSC in relation to risk management and internal controls are as follows:</p> <ul style="list-style-type: none">● To oversee and recommend Enterprise Risk Management (ERM) strategies, frameworks and policies of the Group;● To implement and maintain sound ERM frameworks which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks;● To implement and monitor a Business Continuity Plan (BCP) with procedures and system to restore critical business functions in the event of unplanned disaster; and● To develop and inculcate a risk-aware culture within the Group. <p>The TOR of the RMSC is available on Capital A's website at www.capitala.com.</p>

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC is responsible for ensuring the integrity and effective operations of the internal audit function. In this respect, the Group has a well-established in-house Group Internal Audit Department (GIAD) to assist the AC in carrying out its functions.</p> <p>During the financial year, the AC reviewed the annual audit plan, the internal audit reports as well as audit findings and recommendations by the GIAD to redress weaknesses and/or non-compliance and the management's responses thereto.</p> <p>A summary of activities carried out by the Internal Audit Department during the financial year ended 31 December 2023 is set out in the Audit Committee Report in the Company's Annual Report 2023.</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>On 11 January 2024, the GIAD confirmed its organisational independence, with the Group Head of GIAD and all internal auditors signing the Annual Code of Ethics and Conflict of Interest Declaration that they were and had been independent, objective and in compliance with the Code of Ethics and Conflict of Interest as per the International Professional Practice Framework (IPPF) in carrying out their duties for the financial year.</p> <p>The GIAD has 19 personnel comprising the Group Head of IA, 15 internal auditors, and three (3) personnel specialising in fraud and investigation. The GIAD continues its commitment to equip its internal auditors with adequate knowledge and proficiency. About RM15,836 was spent on training in the areas of auditing skills, technical skills and personal development; inhouse, online and external training. As at 31 December 2023, the average training days per staff stood at ten (10) days.</p> <p>Mr. Ong Kean Siang, the Acting Group Head of GIAD, is a Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE), Certified Risk Management Assurance (CRMA) provider, Certified in Risk and Information Systems Control (CRISC), and holds a Bachelor's in Accounting (Hons) from the University of Malaya. All the department personnel have minimum tertiary education from various backgrounds. Most of the personnel have relevant professional qualifications such as the CIA, CFE and CISA.</p> <p>The GIAD is guided by its Internal Audit Charter that provides independence and reflects the roles, responsibilities, accountability and scope of work of the department in line with the IPPF on Internal Auditing issued by the Institute of Internal Auditors. For any significant gaps identified in the governance processes, risk management processes or controls during the engagements, GIAD provides recommendations to management to improve their design and effectiveness of controls where applicable.</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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company invests in considerable resources to develop and maintain strong relationships with different stakeholder groups. The public, Allstars, investors, the Government and all of Capital A's business partners play an important role in its continuing success as a low-cost airline. To ensure consistency in the conveyance of information, the Company has established a few departments to interface with its various stakeholders.</p> <p>The Global Affairs & Government Relations Department designs and advocates policies that advance the Company's objectives in the areas of aviation, digital, trade and tourism to governments, international organisations, business associations and academia.</p> <p>On Capital A's website, the Company has an Investor Relations page which provides all relevant information on the Company and is updated regularly. It enhances Investor Relations by including notices, minutes and slide presentations of the AGMs and Extraordinary General Meetings (EGMs) as well as copies of annual reports and circulars to shareholders, where applicable, for the benefit of shareholders who are unable to attend the AGMs or EGMs. To facilitate stakeholders' understanding of the Company with respect to its business and policies on governance, the Company has placed various documents pertaining to the organisation, Board and senior management, corporate governance, policies, charters, terms of references as well as other corporate information on its website for easy reference.</p> <p>The Group Communications department, through the Newsroom page on the Company's website, makes available official corporate announcements, including media releases, statements as well as travel advisories to the media and the public as a whole.</p> <p>The Contact page on Capital A's website provides shareholders with the email address for contacting Capital A and the contact details for investor relations (capitala_ir@airasia.com) through which they can direct enquiries on investor related matters.</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	:		
Explanation for departure	:	The Company takes an incremental approach towards integrated reporting and is gradually moving towards a more integrated approach of reporting.	
		The Company continuously enhances its annual report in order to improve its communication with its stakeholders with regard to the Group's financial and non-financial results, business performance and operations. The information disclosed in the annual report is in line with current regulatory and statutory guidelines as well as fundamental elements which underpin integrated reporting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will monitor market developments and progressively move towards a more integrated approach of reporting by incorporating more content elements and guiding principles in line with the Integrated Reporting Framework.	
Timeframe	:	Within three years	

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	:	The notice of the Company's Sixth AGM is dated 28 April 2023, which is more than 28 days prior to the AGM to be held on 15 June 2023. It allows shareholders ample time to consider the resolutions and make informed decisions in exercising their voting rights at the AGM as well as to make the necessary arrangements to attend and participate personally or through a corporate representative or proxy.	
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>All the Directors of the Company attended the Company's Sixth AGM held on 15 June 2023. The Chairmen of the Board Committees, senior management and external auditors were in attendance to respond to questions posted by shareholders.</p> <p>The Company AGMs include brief presentations on the Group's performance for the year and future prospects. Shareholders are encouraged to participate in the proceedings and engage with the Board and senior management. An extract of the minutes, including the Company's responses to questions raised by shareholders, is subsequently made available on the Company's website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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>As part of measures taken by the Company to curb the spread of COVID-19, and taking into consideration the paramount safety and well-being of shareholders of the Company, the Sixth AGM of the Company on 15 June 2023 was held virtually through live streaming and remote online voting using the Remote Participation and Voting facilities (RPV) provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website.</p> <p>All members of the Board were present at the broadcast venue, and the shareholders and proxies were invited and encouraged to participate and vote remotely at the Sixth AGM via the RPV. The results of the votes were scrutinised by an independent scrutineer.</p> <p>The Company will continue to leverage technology and tools to enhance the quality of its shareholder engagement and facilitate further participation by shareholders at its 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 13.4

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.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>At the AGMs of the Company, there will be a brief presentation on the Group's performance for the year and future prospects. The Executive Chairman, all Committee Chairmen and the CEO will be present to hear shareholders' views and answer their questions. Shareholders are encouraged to participate in the proceedings and engage with the Board and senior management.</p> <p>In ensuring that general meetings support meaningful engagement between the Board, senior management and shareholders, the Board provides shareholders with sufficient opportunity to pose questions prior to and during the general meeting(s). The Board and senior management endeavour to answer all questions from shareholders or proxies during the general meeting(s). If some questions cannot be answered during the general meeting(s) due to time constraints, the answers to those questions will be emailed to the respective shareholders or proxies as soon as possible after the general meeting(s).</p> <p>The responses to questions from shareholders or proxies are reviewed by the senior management, CEO and Board, where applicable, to ensure that all relevant questions receive a meaningful response.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
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Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: During the financial year, the Company had conducted its AGM on a virtual basis via the RPV. The Administrative Notes which set out the details of the fully virtual AGM were published on the Company's corporate website to facilitate the process for shareholders to register, participate and vote remotely at the general meeting. The RPV facilities enabled the shareholders to exercise their right as members of the Company to participate and vote remotely by logging into the online meeting portal provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online Website. In ensuring that general meetings support meaningful engagement between the Board, senior management and shareholders, the Board provides shareholders with sufficient opportunity to pose questions prior to and during the general meeting(s). The Board and senior management will endeavour to answer all questions from shareholders or proxies during the general meeting(s) and all such questions are made visible to all meeting participants during the meeting itself. If some questions cannot be answered during the general meeting(s) due to time constraints, the answers to those questions will be emailed to the respective shareholders or proxies as soon as possible after the general meeting(s). The responses to questions from shareholders or proxies are reviewed by the senior management, CEO and Board, where applicable, to ensure that all relevant questions receive a meaningful response.
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.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the AGM of the Company held in 2023 were published on the Company’s website not later than 30 business days after the respective general meetings, in accordance with Practice 13.6 of the MCGG.
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 PURSUANT TO 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.

Not Applicable.
