# ARIM's Voting Policy

## 01. ARIM's Voting Approach

In our role as stewards of our client's investments, ARIM has a responsibility to monitor and provide feedback to companies to promote good corporate governance and corporate sustainability. ARIM does this through engagement with investee companies and voting proxies. We endeavor to exercise our voting rights in the best interests of our clients in line with our fiduciary duty. We aim to vote at all of the AGM and EGM where we have voting authority except in cases where (i) the administrative costs of voting outweigh the benefits, (ii) there is insufficient time to assess issues due to short meeting notice, or (iii) ARIM has sold its holdings in the company before the meeting date. We will vote in accordance with ARIM's Voting Policy and Guidelines unless otherwise instructed by our client.

## 02. ARIM's Voting Principles

- The board should always act in the best interest of the company.
- Remunerations are justified based on the financial performance of the company.
- The company is to conduct business ethically and sustainably in line with the ESG principles that subsist within the sustainability principles.
- All shareholders should be treated equally and fairly by the board and management.
- The board and its committee should be structured to allow for independent decision-making that is free of influence from the management and/or any other conflict from other entities/individuals that may influence its decisions.
- Appropriate controls and procedures are put in place to guide the management's activities in the day-to-day operations of the company.
- The company's operating and financial activities, as well as its governance, should be reported to the shareholders in a transparent, accurate, and timely manner.
- Guided by Securities Commission's Malaysian Code on Corporate Governance and Bursa Malaysia's Corporate Governance Guide.

# 03. ARIM's Views on Corporate and Board Matters

## *Board composition*

Board composition influences the ability of the board to fulfill its oversight responsibilities. An effective board should include the right group of people, with an appropriate mix of skills, knowledge, experience, gender, and independent elements that fit the company's objectives and strategic goals.  The right board composition will ensure sufficient diversity and independence to avert '"groupthink" or "blind spots" in the decision-making process. It also enables the board to be better equipped to respond to challenges that may arise and deliver value. At least one-third of the board should comprise of independent directors. The tenure of an independent director should not exceed a term limit of nine years. Upon completion, an independent director may continue to serve on the board as a non-independent director.

## *Board size*

The board should be comprised of an optimum number of directors who possess various relevant merit, specialties or knowledge, to bring forward multiple perspectives within the decision-making process. The board's size, without jeopardy of the above, should allow for diversity in age, cultural background, and gender.

## *Separation of Power between Chairman and Chief Executive Officer (CEO)*

ARIM believes that the separation of positions of the Chairman and CEO promotes accountability and facilitates the division of responsibilities between them. This is to ensure that no one individual would have the ability to influence the board's discussions and decision-making. The responsibilities of the Chairman should include leading the board in its collective oversight of management, while the CEO focuses on the business and day-to-day management of the company.

## *Board Committees*

The Chairman of the board should not be a Chairman of the board committees to ensure its independence and prevent any undue influence that the Chairman of the board may have upon the committees. This will also ensure there is check and balance as well as objective review by the board on the observations and recommendations put forth by the board committees.

### Audit Committee

The Audit Committee should consist of Non-Executive Directors only and the majority of the Committee should be Independent Directors. The Audit Committee should not be chaired by the Chairman of the board but should be chaired by an Independent Director. An effective Audit Committee should also comprise individuals with the appropriate level of knowledge, skills, experience, and commitment to discharge its duties effectively. This is to ensure that the Audit Committee would be better positioned to question the veracity and validity of the financial reports, risk management, internal controls, and governance. The committee should also ensure that the internal audit function is effective and able to function independently.

### Nomination Committee

The Nomination Committee should consist of Non-Executive Directors only and the majority of the Committee should consist of Independent Directors. The Nomination Committee should not be chaired by the Chairman of the board but should be chaired by an Independent Director. The Nomination Committee should ensure that the composition of the board is refreshed periodically and the tenure of each director should be reviewed by the Nomination Committee. The Annual re-election of a director should be contingent on the satisfactory evaluation of the director's performance and contribution to the board. The Chairman of the Nomination Committee should lead the annual review of the board's effectiveness, succession planning, and appointment of directors as well as board diversity.

### Remuneration Committee

The Remuneration Committee should consist of Non-Executive Directors only and the majority of the Committee should consist of Independent Directors. The Remuneration Committee should not be chaired by the Chairman of the board but should be chaired by an Independent Director. The Remuneration Committee should ensure that the compensation structure is fair and linked to the strategic objectives of a company, while also rewarding contribution to the long-term successes of the company as it promotes stability and growth.

### Risk Management Committee

The Risk Management Committee should comprise a majority of Independent Directors. The committee should not be chaired by the Chairman of the board but should be chaired by an Independent Director. The Risk Management Committee should ensure that proper and effective risk management and internal control are in place in the company. It should set appropriate policies on internal controls and seek assurance that the systems are functioning effectively. The committee should also ensure that the system of internal control manages risks and forms part of its corporate culture.

## *Board Meetings and Attendance*

ARIM believes that the board should meet regularly to discharge its fiduciary duties, leadership, and oversight functions. Directors are to attend at least 75% of the board and committee meetings unless with reasonable justifications.

## *Directorship limit*

ARIM believes that the directors should not hold more than five board positions in publicly-listed companies.  This is to ensure that the directors appointed can devote the required time to serve the board effectively.

AMANAHRAYA INVESTMENT MANAGEMENT (309646-H)

# ARIM's Voting Guidelines

| | Resolutions | Voting |
|---|---|---|
| 1 | **Re-election of Directors**<br>a. The director has not met a minimum of 75% attendance for the board or board committee meetings without satisfactory explanation.<br>b. The director was involved in decisions leading to material failures of governance, stewardship, or risk oversight of the company.<br>c. The director has a poor reputation and conduct.<br>d. The director has a criminal record.<br>e. The director was involved in corrupt activities.<br>f. The director has a record of abuses against minority shareholder interests. | Against |
| 2 | **Independence**<br>a. Re-appointment of any independent director who has served the board for more than nine years.<br>b. Reappointment of Chairman of the Nomination Committee where the board consists of an independent director who has served for more than nine years or the board comprises of less than one-third of independent directors. | Against |
| 3 | **Board Diversity**<br>a. Re-appointment of Chairman of the Nomination committee where there is no female director on the board. | Against |
| 4 | **Excessive Remuneration**<br>a. The remuneration of the director does not reflect the financial performance of the company.<br>b. The remuneration of the director is excessive and/or may have resulted in a negative financial performance for the company.<br>c. The director has been ineffective in discharging their duties and responsibilities. | Against |
| 5 | **Reappointment of Auditors**<br>a. The auditor/audit partner has been with the organization for more than five years.<br>b. There are serious concerns about the accounts presented or the audit procedures used.<br>c. The auditors are replaced without explanation. | Against |

# ARIM's Voting Guidelines

| | Resolutions | Voting |
|---|---|---|
| 6 | **Employee Share Incentive Scheme (ESIS)**<br>a. The ESIS issuance exceeds 10% of the total issued shares of the company.<br>b. The exercise price is excessively discounted.<br>c. The company fails to disclose adequate information regarding any element of the scheme. | Against |
| 7 | **Share Buy-Back Scheme (SBBS)**<br>a. The company's financial position is deemed to be precarious or currently making losses.<br>b. The SBBS limit exceeds 10% of the total issued shares of the company. | Against |
| 8 | **Related Party Transactions (RPT)**<br>a. If there is inadequate disclosure concerning the rationale behind the RPT.<br>b. Inadequate information on the parties involved in the transaction.<br>c. The proposed transaction is potentially detrimental to the company in any form. | Against |
| 9 | **New Share Issuance**<br>a. The issuance exceeds 10% of the total issued shares of the company.<br>b. The issuance is not in the best interest of the company and its shareholders.<br>c. The rationale for the new share issuance is inadequately disclosed and no material information is provided. | Against |
| 10 | **Dividend**<br>a. a. The payout is excessive given the company's financial position. | Against |