

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 1023  
**COMPANY NAME** : CIMB Group Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (the Board) takes cognisance of the need to create and deliver long-term sustainable values for stakeholders in order to set CIMB Group Holdings Berhad (CIMB)'s direction and vision. To achieve this, the Board emphasises on effective leadership through oversight on management and continuous monitoring of the business, performance, conformance to the regulations and risk controls. The Board continuously considers the environmental, sustainability and governance factors in making its decision in the development and implementation of CIMB strategies, business plans, risk management and in the review of its and Management's performance. Group policies are constantly being reviewed and new frameworks are established where required to keep pace with the evolving governance standards.</p> <p>The Board had convened 21 meetings throughout financial year ended 31 December 2022 (FYE 2022) to deliberate the main areas of oversight set out as follows:</p> <ul style="list-style-type: none"><li>• Strategic/Business Plans and Management's Performance in Implementing the Strategies and Plans</li><li>• Annual Budget</li><li>• Principal Risks, Appropriate Internal Controls and Mitigation Measures</li><li>• Succession Planning</li><li>• Communications Policy</li><li>• Governance and Integrity Framework</li><li>• Group CEO's and Directors' Appointments and their Emoluments and Benefits</li><li>• Annual Effectiveness and Performance of the Board Committees</li><li>• Financial Statements and Interim Dividend</li><li>• Corporate Organisation Structure</li><li>• Controls and Systems to Measure Implementation of Policies</li></ul>

	<ul style="list-style-type: none"> <li>• Internal Control Systems and Management Information Systems</li> <li>• Plans/Strategies for a Sustainable Organisation, Taking into Account Environmental, Economic and Social Aspects</li> </ul> <p>Throughout FYE 2022, the Board was also committed in ensuring CIMB's governance structure remained resilient against multiple stressors, most notably post-pandemic recovery strategies, unexpected economic shocks, the pressure of supporting customers and clients, emerging financial cyber-crimes while aiming for profitability.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is helmed by Datuk Mohd Nasir Ahmad, an Independent Director, who plays a key role in ensuring the Board operates effectively and fully discharges its legal and regulatory responsibilities. As the Chairperson, he also leads the Board in the oversight of the Management and in inculcating the right culture, values and behaviours, both at the top and throughout the entire organisation. Datuk Mohd Nasir Ahmad, our Board Chairperson is not a member of the Audit Committee (AC) and the Group Nomination and Remuneration Committee (GNRC).</p> <p>The Chairperson carries out a leadership role in the conduct of the Board and its relations with shareholders and other stakeholders.</p> <p>To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairperson and Group Chief Executive Officer (Group CEO) are distinct and separate with a clear division of responsibilities between the Chairperson and the Group CEO, so that no individual or group dominates the decision-making process.</p> <p>There are two (2) main aspects to the Chairperson's role. They are the Chairperson's role within the Boardroom and the Chairperson's role outside the Boardroom.</p> <p>Pertaining to the Boardroom, the role of the Chairperson is to:</p> <ol style="list-style-type: none"><li>(a) Chair Board meetings;</li><li>(b) Establish the agenda of Board meetings in consultation with the Group CEO/Executive Director (ED) and the Group Company Secretary;</li><li>(c) Ensure that appropriate procedures are in place to govern the Board's operations;</li><li>(d) Ensure that Board meetings are effective in that decisions are taken on a sound and well-informed basis, including ensuring that:<ul style="list-style-type: none"><li>• all strategic and critical issues are considered by the Board;</li><li>• matters are considered carefully and thoroughly;</li><li>• all Directors are given the opportunity to effectively contribute;</li><li>• Directors receive the relevant information on a timely basis, including being properly briefed on issues arising at Board meetings; and</li></ul></li></ol>

	<ul style="list-style-type: none"> <li>• the Board comes to clear decisions and resolutions are noted.</li> </ul> <p>(e) Ensure that the Group CEO/Executive Director (ED) look beyond his executive functions and accept his full share of the responsibilities of governance;</p> <p>(f) Guide and mediate the Board’s actions with respect to organisational priorities and governance concerns;</p> <p>(g) Be clear on what the Board has to achieve, both in the long and short term;</p> <p>(h) Ensure that the Board behaves in accordance with its Board Charter;</p> <p>(i) Lead efforts to address the Board’s development needs; and</p> <p>(j) Perform other responsibilities, as assigned by the Board, from time to time.</p> <p>Outside the Boardroom, the role of the Chairperson is to:</p> <ul style="list-style-type: none"> <li>• Undertake appropriate public relations activities in conjunction with the Group CEO/ED.</li> <li>• Be the spokesperson for the Company at the Annual General Meeting and in the reporting of performance and profit figures;</li> <li>• Be the major point of contact between the Board and the Group CEO/ED;</li> <li>• Be kept fully informed of current events by the Group CEO/ED on all matters which may be of interest to Directors;</li> <li>• Regularly review progress on important initiatives and significant issues facing the Company and/or the Group in conjunction with the Group CEO/ED, and other relevant Key Senior Management or such other appropriate Key Senior Management, progress on important initiatives and significant issues facing the Company and/or Group;</li> <li>• Provide mentoring for the Group CEO/ED; and</li> <li>• Initiate and oversee the annual Group CEO/ED performance evaluation process.</li> </ul>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</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 1.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of a clear division of responsibility between the Chairperson and the Group CEO. The roles of Board Chairperson and Group CEO are therefore exercised by separate individuals to ensure optimal balance, resulting in increased accountability and enhanced decision-making.</p> <p>The Board delegates responsibility for the overall business and day-to-day management of CIMB to the Group CEO, Dato' Abdul Rahman Ahmad. The Group CEO is responsible for leading the Management and for making and implementing operational decisions, and is assisted by the Group Executive Committee (GEXCO) and other Management Committees.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairperson of the Board, Datuk Mohd Nasir Ahmad does not hold a position as a Member of the AC and GNRC.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has appointed the Group Company Secretary who, under the direction of the Chairperson, is accountable for all matters with regard to the proper functioning of the Board as well as to facilitate effective information flows within the Board and Board Committees and between Senior Management and Non-Executive Directors.</p> <p>Datin Rossaya Mohd Nashir has extensive industry knowledge, with over 25 years of experience in corporate secretarial practice. Previously, she was with Permodalan Nasional Berhad where she assumed the position of Joint Company Secretary for several of its subsidiaries.</p> <p>Datin Rossaya serves as a member of the Companies Commission of Malaysia's Corporate Practice Consultative Forum and is a Director of several subsidiaries in the CIMB Group.</p> <p>The primary responsibilities of the Company Secretary include:</p> <ul style="list-style-type: none"><li>(a) ensuring that Board procedures and applicable rules are observed;</li><li>(b) maintaining records of the Board and Board Committees and their respective meetings and ensuring effective management of the company's records;</li><li>(c) preparing comprehensive minutes to document Board and Board Committees proceedings and ensure conclusions are accurately recorded;</li><li>(d) timely dissemination of information relevant to Directors' roles and functions and keeping them updated on new or evolving regulatory requirements and governance standard;</li><li>(e) assisting the Board with interpreting legal and regulatory acts related to the listing rules and international regulations and developments; and</li><li>(f) advising the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.</li></ul> <p>The Group Company Secretary also helps with the induction of new Directors and facilitates the ongoing professional development of Directors.</p>



<b>Explanation for departure</b> :		
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<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairperson, before the Board meeting, oversees the setting of the agenda of Board meeting and in consultation with the Group CEO, and ensures that there is sufficient information and time to address all agenda items. The agenda also allows for flexibility when needed. All materials for the Board meeting are uploaded onto a secure portal which can be accessed on tablet devices provided to the Directors.</p> <p>Except as permitted by the Chairperson under certain circumstances, the Directors should receive scheduled/fixed meeting materials five (5) calendar days prior to the Board meeting to allow sufficient time for them to review and analyse relevant information. In FYE 2022, all of the papers/materials were circulated to the Board within the stipulated timeline. Any departure from the said timeline will be reported to the Group Executive Committee on a quarterly basis for improvement and further action, where necessary, including to reduce the Board paper submission timeline to five (5) business days prior to the Board meeting from FY ending 2023 onwards. The deliberations and decisions arrived at during Board meetings are clearly minuted in a timely manner and action items for Management will be communicated to the relevant parties within 24 hours after the Board meetings. The draft minutes are then tabled at the following meeting for confirmation and thereafter, signed by the Chairperson.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The CIMB Board Charter is reviewed every three (3) years or as change arises to ensure CIMB remains at the forefront of best practices in governance and to ensure it remains relevant.</p> <p>The Board Charter outlines-</p> <ul style="list-style-type: none"> <li>(i) the collective roles, responsibilities and authority of the Board;</li> <li>(ii) the legal and fiduciary duties of individual Director;</li> <li>(iii) the roles and responsibilities of the Board Committees;</li> <li>(iv) the roles of Executive and Non-Executive Director, Independent Director, Senior Independent Director;</li> <li>(v) the roles of Group CEO;</li> <li>(vi) the roles of Company Secretary;</li> <li>(vii) a formal schedule of matters specifically reserved for Board's decisions; and</li> <li>(viii) Board's delegated matters.</li> </ul> <p>A copy of the Board Charter is available on CIMB's corporate website at <a href="http://www.cimb.com">www.cimb.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b><u>Employee Code of Conduct</u></b></p> <p>The Board has established a Code of Conduct which is underpinned by the core philosophy of "Creating Value, Enabling Our People and Acting with Integrity". The Code of Conduct sets out the standards of behaviour that are expected of all employees of CIMB in terms of engagement with customers, business associates, regulators, colleagues and other stakeholders. Further, the Code of Conduct provides guidance in areas where employees may need to make personal and ethical decisions. In addition to providing guidance, the Code of Conduct makes references to specific Group Policies and Procedures relating to conflicts of interest, bribery, corruption, money laundering/counter-financing of terrorism, customer management, whistle blowing and fraud management.</p> <p><b><u>Directors' Code of Conduct</u></b></p> <p>The Board adopts the Code of Conduct for Directors that sets out the fundamental guiding principles and standards for Directors to carry out their duties. This Code applies to all the Directors of CIMB Group and is primarily based on the five (5) fundamental principles of competence, integrity, fairness, confidentiality and objectivity as recommended by the Code of Ethics for the Financial Services Industry published by Financial Services Professional Board.</p> <p>Details of the Code of Conduct and Code of Conduct for Directors can be found on CIMB's website at <a href="http://www.cimb.com">www.cimb.com</a>.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <b><u>Whistle Blowing Policy</u></b>  CIMB's Whistle Blowing Policy sets out avenues for legitimate concerns to be objectively investigated and addressed. Under this Policy, individuals will be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal. CIMB's Whistle Blowing Policy is applicable to all employees, suppliers, vendors, associated stakeholders and CIMB's customers. Individuals will be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.  Whistleblowing is the voluntary disclosure of inappropriate, unethical or unlawful behaviour and practices by the management or employees. It includes how employees, customers and investors are treated. The following are generally accepted as improper and reportable conduct for whistleblowing, of which the list is not exhaustive:  (a) Any unlawful or illegal activities, whether criminal or breach in civil law; (b) Breach of policies and/or procedures; (c) Fraud, theft, embezzlement or dishonesty; (d) Corruption/bribery; (e) Bullying and harassment; (f) Actions which can cause physical danger/harm to another person and/or can give rise to risk of damage to properties/assets; (g) Forgery or alteration of any documents belonging to the Company, customers, another Financial Institution, or agents of the Company; (h) Poor or unethical sales practices, including mis-selling; (i) Profiteering as a result of insider knowledge; (j) Gross mismanagement or dereliction of duties; (k) Conflict of interest; (l) Misuse of position or information; and (m) Any other similar or related irregularities.

	<p>Any reports on wrongdoings, malpractices or irregularities may be e-mailed to <a href="mailto:whistleblowing@cimb.com">whistleblowing@cimb.com</a>, where the matter will be investigated accordingly.</p> <p>The Group is wholly committed to ensure strict confidentiality and will not only protect the identity of the complainant but will also protect the complainant from any harassment and victimisation at work due to the disclosure.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## Intended Outcome

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

### Practice 4.1

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

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

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>CIMB's Sustainability Operating Model sets out the sustainability roles and responsibilities of the Board and Management as part of Forward23+ strategy to become a purpose-driven organisation.</p> <p>The Board is the highest governance body accountable for CIMB's sustainability strategy, material Environmental, Social and Governance (ESG) issues, as well as opportunities and risks, including those pertaining to climate change. The sustainability-related roles and responsibilities of the Board are incorporated in the Board Charter, which sets out seven (7) principal roles and responsibilities of the Board which include overseeing the development and implementation of a sustainability framework for CIMB Group.</p> <p>Based on the Directors' profile, three (3) of the Board members have Sustainability background experience as at 31 December 2022.</p> <p>The Group Sustainability and Governance Committee (GSGC) established in 15 September 2021 provides greater oversight and stewardship over the Group's sustainability opportunities and risks. The GSGC's primary purpose is to assist the Board in fulfilling its responsibilities in advocating and fostering a culture/DNA of sustainability, ethical conduct, and integrity across the Group. The GSGC provides oversight and input to the Management's implementation, operation and assurance of policies and standards in alignment with the CIMB's sustainability and climate change strategy, and takes a proactive approach to create a net positive impact on environmental, social and governance material matters arising from the Group's capacity as a lender / financier, investor, service provider, purchaser, operator, advisor, business partner, sponsor, corporate donor, or as an employer. The GSGC also oversees the management of</p>



bribery, corruption and other related risks and the consequence management of breaches thereof. GSGC convenes on a quarterly basis.

The Board Risk and Compliance Committee (BRCC) provides oversight and advice to the Board and Management in respect of sustainability and climate-related risks including monitoring of the Group's exposure to high sustainability risk sectors and clients, sustainability risk appetite setting as well as regulatory compliance. The AC supports the Board in ensuring there is a reliable and transparent reporting and internal control system for sustainability-related matters, while the GNRC ensures the growth in sustainability knowledge and competence among Directors, taking into account board diversity and sustainability experience in Director nominations.

At the management level, Group Transformation Council (GTC) and Group Sustainability Council (GSC) are two (2) main governing committees for sustainability at CIMB.

The GTC, which is chaired by the Group CEO, is responsible for directing and steering CIMB's overall corporate strategy, including sustainability, which is a key programme under CIMB's Forward23+ strategy. Specifically, the GTC is responsible for, among others, reviewing and approving CIMB's sustainability strategic plans, overseeing the sustainability risk profile of the Group's business activities and ensuring the implementation of appropriate policies, procedures, and controls, as well as overseeing sustainable business growth and championing the development of green, social, sustainable impact products and services (GSSIPS) across all key business units. Sustainability-related matters are deliberated by GTC on a bi-monthly basis, or as and when required.

The GSC, on the other hand, is established to assist the Group Chief Sustainability Officer (GCSO) in leading the development and successful execution of CIMB's sustainability priorities, in line with strategic outcomes set by the Board, the GSGC and/or Group CEO. The GSC's roles and responsibilities include monitoring the sustainability risk profile of the Group's business activities and ensuring the implementation of appropriate sustainability policies, procedures, and controls. The GSC reports to the GTC.

Implementation of the Group's sustainability strategy is executed by various specialist and champions in Business Units and Business Enablers, catalysed and supported by the Group Sustainability Division. The GCSO reports to the Group CEO, and leads the Sustainability and Corporate Responsibility teams across the region. The Group Corporate Responsibility department has also been integrated into the Group Sustainability Division for better synergy.

As per the Sustainability Operating Model stated above, below are some examples of initiatives or discussions that took place in 2022 in line with Practice 4.1:

	<ul style="list-style-type: none"> <li>• Deliberation of and/or approval for CIMB’s strengthened sustainability commitments by GSC, GTC and GSGC, i.e. approval of the Integrated Sustainability Operating Model which embeds sustainability specialists and champions within business unit and business enabler teams, raising our sustainable finance commitment from RM30 billion to RM60 billion by 2024, deliberated on approaches to manage climate change risks including setting interim targets for two of nine carbon intensive sectors (coal and cement) and GHG emissions reduction roadmap including internal carbon pricing, among others</li> <li>• Sustainability Risk Dashboard and Sustainability Risk Hotspots and Emerging Sustainability Risks reporting to Group Risk and Compliance Committee (GRCC) and BRCC to monitor the Group’s level of exposure to sustainability risks, in particular sustainable financing risk;</li> <li>• Updates on CIMB’s Sustainability Risk Management Framework and sustainability risk project status. The Sustainability Risk Management Framework defines how we govern sustainability risks in our business via appropriate policies and procedures, risk assessment tools, due diligence at portfolio and client level, a risk management culture, as well as robust controls, measurements and reporting. At the overall organisational level, sustainability risks are managed under the Group Sustainability Policy (GSP), while sustainability risks in non-retail financing are addressed through the Group Sustainable Financing Policy (GSFP);</li> <li>• Endorsement and approval for the new mining and manufacturing sector guide, Group Human Rights Policy and revised Group Sustainable Financing Policy (GSFP) by the GSC, the Group Policy &amp; Procedure Oversight Committee (GPOC) and the Group Board. Part of the approved revisions of the GSFP was to integrate the Human Rights Risk Assessment for high risk sector clients, as well as added requirements for a commitment towards Human Rights, Human Rights due diligence, as well a grievance mechanism within their operations.</li> <li>• Reporting of CIMB’s progress with respect to Forward23+ Sustainability Programme and projects (e.g. CIMB’s performance within the global banking industry in the S&amp;P Global Corporate Sustainability Assessment, which forms the basis of the Dow Jones Sustainability Index (DJSI); CIMB’s regional Green, Social, and Sustainable Impact Products and Services achievements vis-à-vis 2022 targets) to the GSC, GTC, GSGC and Group Board. CIMB sustainability efforts have shown results, and CIMB ranks in the 80<sup>th</sup> percentile of banks globally in the S&amp;P Global Corporate Sustainability Assessment;</li> <li>• Approval by the GSC for eligible assets for new SDG Bond or sustainable Sukuk issued by the Bank i.e. CIMB Bank has successfully priced (a) US\$680 million Formosa &amp; RegS SDG Bond issuance under the CIMB Bank SDG Bond Framework (2019), (b) Sustainability Tier 2 Sukuk Wakalah</li> </ul>
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	<p>of RM100 million, and (c) US\$500 million RegS/144A SDG Bond under the CIMB Group SDG Bond and Sukuk Framework (2021) as at June 2020, December 2021 and January 2022 respectively;</p> <ul style="list-style-type: none"> <li>• Approval for 2022 sustainability materiality matrix by the GSC, GTC and GSGC.</li> </ul>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>CIMB regularly communicates sustainability strategies, priorities and targets as well as performance with external stakeholders.</p> <p>Sustainability KPIs are also carried by the Group CEO as well as approximately 100 top management members in key countries, business units and enablers that contribute towards the advancement of sustainability in CIMB. KPIs set consist of leading indicators e.g. sustainability capacity building, and lagging indicators aligned to our strategy, e.g. green, social and sustainable finance mobilised, and reduction in greenhouse gas (GHG) emissions. Success on these KPIs directly contributes to bonus pool funding of the respective department, thereby linking the compensation of the whole department to success of sustainability initiatives.</p> <p>Depending on the information needs of CIMB stakeholder groups (e.g. investors, clients, vendors, partners), several channels are used. These include: -</p> <ul style="list-style-type: none"><li>• <b>Standalone sustainability reports</b> which are issued annually as part of CIMB's annual financial filings. The outline and contents of the sustainability reports are reviewed and approved by the GSGC, GTC, GSC and/or responsible business units/enablers;</li><li>• <b>Public events, briefing sessions, focus groups and/or one-on-one meetings</b> which are held regularly throughout every year (e.g. The Cooler Earth (TCE) Sustainability Summit, investor briefing sessions, client engagements on CIMB's Group Sustainable Financing Policy (GSFP) requirements and GSSIPS offerings);</li><li>• <b>CIMB's corporate sustainability website (<a href="#">Sustainability   Our Pledge   CIMB</a>)</b> which is updated on a regular basis ; and</li><li>• <b>Press releases</b> as and when there are any material sustainability-related developments by CIMB.</li></ul> <p>Internally, engagements with business units and enablers are regularly undertaken, through training sessions, focus groups, one-on-one meetings, and/or EDM marketing, to share perspectives and updates on sustainability in the context of our business and CIMB's purpose of advancing customers and</p>

	society. In particular, a series of sustainability training programmes were held for Board members, senior management and employees in 2022 to raise awareness and build technical capacity on sustainability and sustainable finance.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In FYE 2022, our Board members had attended various training programmes in accounting and audit, capital market and financial industry, governance, information technology, Islamic Banking, leadership and strategy, risk management and sustainability.</p> <p>For sustainability related topics, a dedicated in-house training is held for the board on an annual basis to keep them up to date on the latest sustainability developments and topics. In 2022, two (2) sessions on Net Zero Pathways for Malaysia: Opportunities and Implications for CIMB, and Sustainable Finance Innovation were conducted for Board members and the Senior Management, and were delivered by invited speakers from Boston Consulting Group and Key Management of Standard Chartered Bank. In addition, invitations to public events such as The Cooler Earth Sustainability Summit and the Joint Committee on Climate Change (JC3) Flagship Conference on #JustTransition are also extended to Board members on a regular basis.</p> <p>CIMB also conducted Senior Management Training, real-time online training programmes aim to equip senior employees to integrate sustainability principles into their operations. In 2022, 96.4% of Senior Management completed basic sustainability related training.</p> <p>CIMB will develop a Sustainability Academy, which aims to provide targeted and role based learning journey for staff to increase their understanding and drive sustainability integration within their respective role in the Bank.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p><b><u>At the Board level</u></b></p> <p>The Board is the highest governance body accountable for CIMB's sustainability strategy, material ESG risks and opportunities, including but not limited to climate-related risks and opportunities. The annual Board Effectiveness Assessment (BEA) includes assessment on how the Board critically evaluates and integrates sustainability considerations in deliberating Management's proposed strategic directions, acquisitions, divestments and budgets.</p> <p>CIMB also conducts a Sustainability due-diligence as part of the procedures in the appointment of new Director.</p> <p>At least 75% of the Board Members must attend the sustainability-related trainings annually. For FYE 2022, 95% of the Board Members had attended sustainability-related trainings.</p> <p><b><u>At Senior Management level</u></b></p> <p>Based on the CIMB Group Remuneration Policy, the Group's performance is determined in accordance with a balanced scorecard which includes key measures sustainability performance and initiatives.</p> <p>The Group CEO, top management and all divisions carry sustainability KPIs as part of their performance evaluation. This ensures that leadership, business units, and enabling functions are all in alignment with our long-term sustainability goals.</p> <p>This performance-based remuneration system is based on a collective sustainability scorecard which contains KPIs that need to be achieved within pre-determined timeframes as guided by our sustainability objectives. The performance of the group is measured against these KPIs, and the scorecard is used to assess and report progress to our governing committees.</p> <p>Success on sustainability KPIs directly impact the bonus pool funding of respective divisions, thus linking the compensation of the entire population of each division to the success of their</p>



	<p>sustainability initiatives and goals via divisional collective scorecards.</p> <p>The scorecard metrics include both internal targets and external commitments in the areas of environmental, social, economic performance, and corporate governance. These include leading indicators and lagging indicators.</p> <p>Examples of sustainability-related KPIs include:</p> <ul style="list-style-type: none"> <li>• Reduction in Scope 1 And 2 GHG Emissions;</li> <li>• Establishment of A Financed Emissions Baseline and Setting of Interim Climate Targets for Carbon-Intensive Sectors;</li> <li>• Mobilisation of Sustainable Finance under CIMB’s GSSIPS Framework;</li> <li>• Clients’ Success in Meeting Environmental and Social Action Plans within Defined Timelines;</li> <li>• Implementation of Sustainability Policies such as the Human Rights Policy, and No Deforestation Peat and Exploitation Commitments;</li> <li>• The Number of Employees Trained on Sustainability;</li> <li>• Diversity and Inclusion;</li> <li>• Development and Maintenance of a Sustainable Supply Chain;</li> <li>• Cybersecurity and Data Protection Metrics;</li> <li>• Corporate Governance, Ethics and Anti-Crime Policy and Measures; and</li> <li>• Customer Experience and Customer Relationship Management.</li> </ul> <p>Progress vis-à-vis these KPIs are monitored by Group Sustainability, with regular reporting to the GSC, GTC and GSGC.</p>	
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

### Intended Outcome

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

### Practice 4.5- 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>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The GCSO was appointed by the Board on October 2020. The GCSO appraises the Board Committee i.e., GSGC on a quarterly basis or as and when required, on matters involving sustainability and climate change in accordance with the Group Sustainability Framework.  the GCSO chairs the Management Committee i.e., Group Sustainability Committee in leading the development and successful execution of CIMB’s sustainability priorities, in line with strategic outcomes set by the Board, GSGC and/or Group CEO. The GCSO also reports to the Group CEO, and leads the Sustainability and Corporate Responsibility teams across the region. In addition, the Group Head of Sustainability oversees adequacy and effectiveness of the strategic sustainability implementation across the businesses, monitors key ESG regulatory developments, and ensures alignment and provides updates to governance committee on sustainability related matters, risks and areas of concern as identified from time-to-time.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter sets out that the Board, with the assistance of the GNRC, determines and regularly reviews the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by the Company's Constitution and the terms served by existing Non-Executive Directors.</p> <p>One-third (1/3) of the Board members are required to retire at every Annual General Meeting and be subjected to re-election by shareholders. Newly appointed Directors shall hold office until the next Annual General Meeting (AGM) and shall be subjected to re-election by the shareholders.</p> <p>The suitability of a Director as a Board member is in accordance with the Bank Negara Malaysia Guidelines on Corporate Governance and the Group's Fit and Proper Policies and Procedures for Key Responsible Persons. The GNRC considered the following criteria in determining the eligibility of the Directors to stand for re-election: -</p> <ul style="list-style-type: none"><li>(i) The Director's competency in specialised areas of practise and level of contribution to the Board through their knowledge, skills and expertise;</li><li>(ii) The level of independence demonstrated by the Directors, and their ability to act in the best interest of the company;</li><li>(iii) Probity, personal integrity and reputation, where the Directors must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness; and</li><li>(iv) Financial integrity, where the Directors must manage their debts or financial affairs prudently.</li></ul> <p>The GNRC has also conducted an assessment on the independence of the Independent Directors seeking re-election based on the criteria set in the Board Charter which are in line with the Main Market Listing Requirements of Bursa Securities and Bank Negara Malaysia Corporate Governance Policy. The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years.</p>

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

## 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.

<b>Application</b>	:	Applied																			
<b>Explanation on application of the practice</b>	:	<p>As at 31 December 2022, our Board consisted of 10 members:</p> <table border="0"> <tr> <td>Datuk Mohd Nasir Ahmad (Chairperson)</td> <td rowspan="7">}</td> <td rowspan="7">Independent Non-Executive Directors (INEDs)</td> <td rowspan="7">80%</td> </tr> <tr> <td>Teoh Su Yin</td> </tr> <tr> <td>Robert Neil Coombe</td> </tr> <tr> <td>Dato' Mohamed Ross Mohd Din</td> </tr> <tr> <td>Afzal Abdul Rahim</td> </tr> <tr> <td>Didi Syafruddin Yahya</td> </tr> <tr> <td>Shulamite Khoo</td> </tr> <tr> <td>Ho Yuet Mee</td> </tr> <tr> <td>Dato' Lee Kok Kwan</td> <td>}</td> <td>Non-Independent Non-Executive Director (NINED)</td> <td>10%</td> </tr> <tr> <td>Dato' Abdul Rahman Ahmad</td> <td>:</td> <td>Group CEO/ED</td> <td>10%</td> </tr> </table> <p>Following the resignation of Serena Tan Mei Shwen (who represented Khazanah Nasional Berhad as NINED), our Board had, on 28 July 2022 appointed Ho Yuet Mee as an INED replacing the former. With Ho Yuet Mee on board, the number of INED increased from seven (7) in FYE 2021 to eight (8) in FYE 2022.</p> <p>In facilitating that the decisions of the Board are independent and objective, the Board ensures:</p> <ol style="list-style-type: none"> <li>(i) Only one (1) ED as a member of the Board;</li> <li>(ii) That the role of the Chairperson of the Board is separate from the Group CEO;</li> <li>(iii) To retain the role of Senior Independent Director from among the INEDs, whose role is to serve as a sounding board to the Independent Chairperson of the Board;</li> <li>(iv) That the Chairperson of the Board does not chair any of the Board Committees; and</li> <li>(v) That the Board Committees comprise a majority of INEDs and only an INED is appointed as a Board Committee Chairperson.</li> </ol>	Datuk Mohd Nasir Ahmad (Chairperson)	}	Independent Non-Executive Directors (INEDs)	80%	Teoh Su Yin	Robert Neil Coombe	Dato' Mohamed Ross Mohd Din	Afzal Abdul Rahim	Didi Syafruddin Yahya	Shulamite Khoo	Ho Yuet Mee	Dato' Lee Kok Kwan	}	Non-Independent Non-Executive Director (NINED)	10%	Dato' Abdul Rahman Ahmad	:	Group CEO/ED	10%
Datuk Mohd Nasir Ahmad (Chairperson)	}	Independent Non-Executive Directors (INEDs)	80%																		
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Afzal Abdul Rahim																					
Didi Syafruddin Yahya																					
Shulamite Khoo																					
Ho Yuet Mee																					
Dato' Lee Kok Kwan	}	Non-Independent Non-Executive Director (NINED)	10%																		
Dato' Abdul Rahman Ahmad	:	Group CEO/ED	10%																		
<b>Explanation for departure</b>	:																				

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **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.

*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.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	In FYE 2022, no Independent Director had served on the Board for more than nine (9) years from the date of his/her first appointment. This is in adherence to CIMB's Board Charter that limits an Independent Director's tenure of service to a maximum of nine (9) years.



## 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.

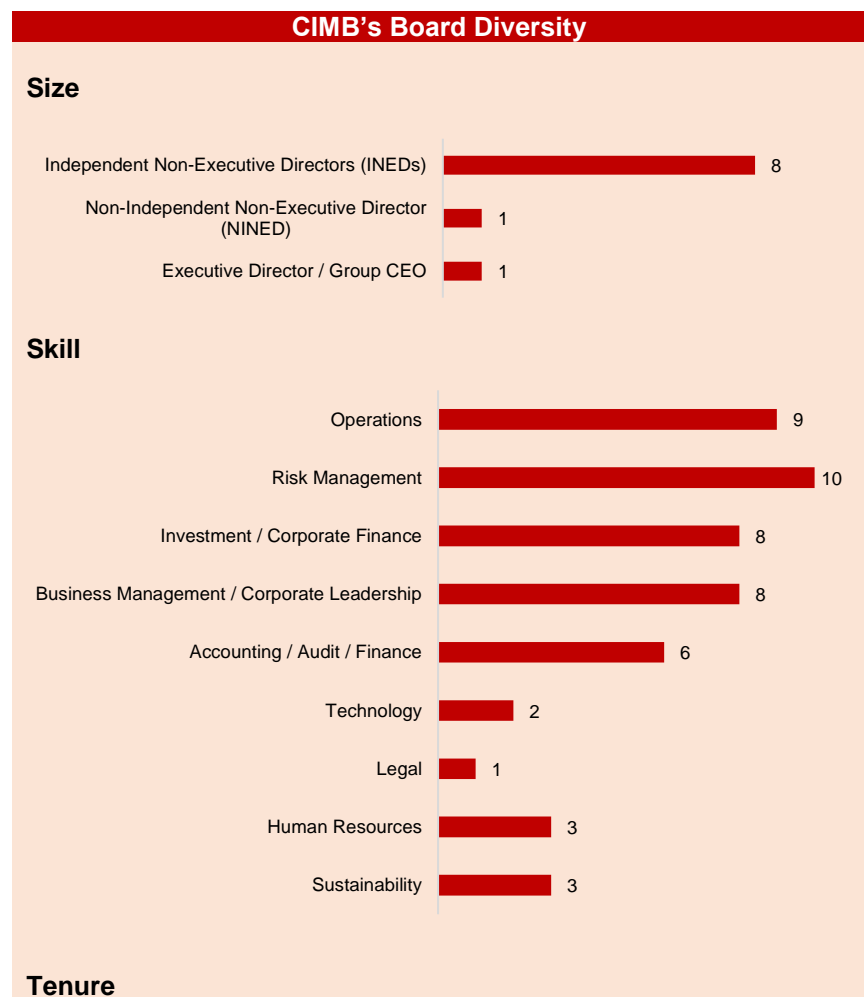
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p><b><u>Board Diversity</u></b></p> <p>The Board has in place the Board Diversity Framework that is applicable to all the Directors of CIMB Group. The Framework sets out the principles on diversity on the Boards that can be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. The five (5) key principles considered are independence, skills and experience, gender, cultural background and age, to ensure that CIMB Group may benefit from all available talent. The said Framework is available on CIMB's corporate website at <a href="http://www.cimb.com">www.cimb.com</a>.</p> <p>On 12 December 2022, the Board had approved the establishment of the Board Composition and Skill Set Framework. The Board Composition and Skill Set Framework, which complements the Board Diversity Framework, aims to provide a structural guide for Board composition and industry experience/skill set analysis that could be used to ensure CIMB Group Boards have the appropriate size and composition, experience, skill set and diversity. The Board Composition and Skill Set Framework would be reviewed annually, and any adjustment would be made to take into account any changes and challenges in the business, market and regulation.</p> <p>After taking into account the need to have operational diversity and spread in accordance with the business requirements and regulators' and/or shareholders' expectation, the Board had identified competencies in the areas of operations, risk management, investment/corporate finance, business management/corporate leadership, accounting/audit/finance, technology, legal, human resources, and sustainability; and with adequate experience predominantly in banking industry and other financial services, as the primary skill sets for the Board. As at 31 December 2022, 90% of the Board members have been assessed to have experience in banking and other financial services industries. Periodic analysis on the Board composition and</p>

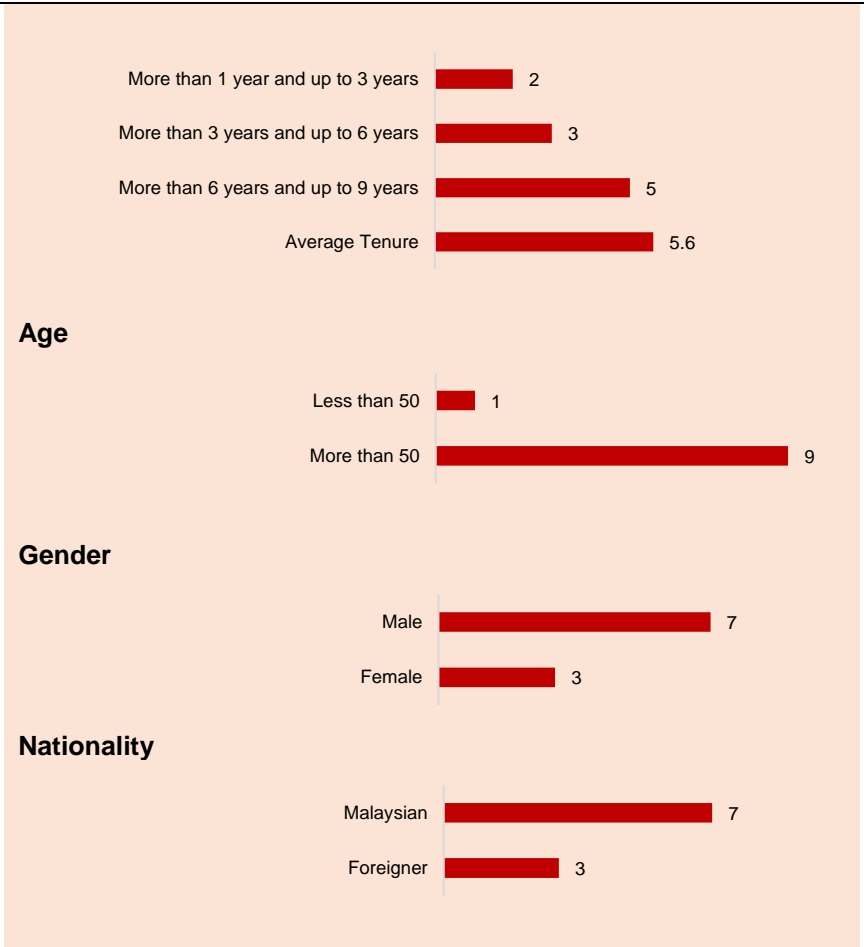
diversity will be conducted to ensure the said guiding principles in the Board Composition and Skill Set Framework are adhered to.

During FYE 2022, no Independent Director had served on the Board for more than nine (9) years from the date of his/her first appointment. This is in adherence to CIMB's Board Charter that limits an Independent Director's tenure of service to a maximum of nine (9) years. As at 31 December 2022, 20% of the Board members had served less than 3 years, 30% had served between 3 and 6 years and 50% are long serving Directors having served 6 years or more. The average tenure of appointment was 5.6 years as at 31 December 2022.

The Board has maintained 30% of women representation in line with the recommendation of the Code. The Board has also met the minimum requirement of having at least one (1) member who is below 50 years old as espoused under the Board Composition and Skill Set Framework, which is meant to introduce younger generational talents on the Board for fresh, innovative and constructive ideas and perspective.

CIMB's Board composition, tenure and diversity as at 31 December 2022 are illustrated below:





**Senior Management Diversity**

CIMB has in place a Group Employee Diversity & Inclusion Policy which promotes diversity, in this context, refers to gender, age, backgrounds, beliefs, ethnicity, skills, and abilities above cover all employees from all levels. The demographic of the of Senior Management as at 31 December 2022 is set out below:



**Gender****Directors' External Commitments**

In evaluating the ability of a director to perform his role effectively, the Board considers among others whether a director is 'over stretched' in terms of his commitments to the board commitments, to meet the demands and expectations of the role.

Board Charter states that the Director shall notify the Chairman before accepting any new directorships and the notification shall provide for an indication of time that will be spent on the new appointment.

A Director of the CIMB Group shall not hold more than the maximum limit of directorships in public listed companies as stated in the following table:

No.	Designation	Maximum Limit
1.	Member of Board/Committee	5
2.	Senior Independent Director	4
3.	Chair of Board	4
4.	Chair of Audit Committee/Board Risk Committee	4
5.	Chair of other Committees	5
6.	Any combination of 2,3 and 4	3

A Director of the CIMB Group shall not hold more than 15 external professional commitments on board of trustees, advisory boards and board of directors of non-public listed companies. Directors who hold CEO/Managing Director positions on other Boards will not be considered for the roles of Chairman or member of Board Committees.

**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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Composition and Skill Set Framework which was established on 12 December 2022 lays out certain guiding principles for the GNRC assessment in the identification, nomination and selection of a new Director as well as for the Board succession planning. The guiding principles ascertain the required primary skill and experiences and set out minimum number of Board members required for each skill sets and other governance requirements on size, tenure of appointment, age and gender.</p> <p>Suitable candidates will be identified to fill vacancies on the Board and Board Committees as and when they arise. On 1 June 2022, an external search firm was appointed to assist in sourcing and placement of Board candidates. The GNRC also has access to a wide pool of candidates which includes recommendations by existing Board members, major shareholder, Management and through external sources such as the Directors' Register by FIDE FORUM, BNM and PIDM; and professional associations.</p> <p>Upon the completion of assessing candidates for the Board, the GNRC will recommend their nomination to the Board for approval, before an application for approval is submitted to Bank Negara Malaysia and/or other regulatory authorities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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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 5.7

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The suitability of a Director as a Board member is in accordance with the Bank Negara Malaysia (BNM) Corporate Governance Policy Document and the Group's Fit and Proper Policies and Procedures for Key Responsible Persons. The GNRC considered the following criteria in determining the eligibility of the Directors to stand for re-election at the 66<sup>th</sup> AGM:</p> <ul style="list-style-type: none"><li>(i) The Director's skill sets and competency in specialised areas of practise and level of contribution to the Board through their knowledge, skills and expertise;</li><li>(ii) The level of independence demonstrated by the Directors, and his ability to act in the best interest of the Company;</li><li>(iii) Probity, personal integrity and reputation, where the Directors must have personal qualities such as honesty, integrity, diligence, independence of mind and fairness; and</li><li>(iv) Financial integrity, where the Directors must manage his debts or financial affairs prudently.</li></ul> <p>The GNRC has also conducted an assessment on the independence of the Independent Directors seeking re-election at this AGM based on the criteria set by the Board Charter which is in line with the Main Market Listing Requirements of Bursa Securities and BNM Corporate Governance Policy Document. The Board has assessed their time and commitment to effectively discharge their respective roles as Directors of the Company. The retiring Directors had abstained from deliberation and decision on their own eligibility to stand for re-election at the relevant GNRC and Board meetings, where applicable. The Board is satisfied that the Directors seeking re-election have maintained their independence in the financial year ended 31 December 2022.</p> <p>For the 66<sup>th</sup> AGM, there will be three (3) Directors standing for re-election under Article 81 of the Company's Constitution:</p> <ul style="list-style-type: none"><li>1) Datuk Mohd. Nasir Ahmad</li><li>2) Didi Syafruddin Yahya</li><li>3) Shulamite Khoo</li></ul>

There will also be one (1) Director standing for re-election under Article 88 of the Company's Constitution:

- 1) Ho Yuet Mee

The Board has assessed their time and commitment to effectively discharge their respective roles as Directors of the Group. The above retiring Directors had abstained from deliberation and decision on their own eligibility to stand for re-election at the relevant GNRC and Board meetings, where applicable.

The Board was satisfied and had recommended their re-election based on the following:

- 1) Datuk Mohd. Nasir Ahmad – The Board is of the view that Datuk Mohd. Nasir has displayed tremendous leadership as Chairman. He has played a pivotal role in fostering the effectiveness of the Board in setting and implementing CIMB's direction and strategy. As CIMB navigates the effects of the pandemic and new socio-economic forces impacting all our stakeholders, Datuk Mohd. Nasir has led in reinforcing CIMB's culture, underscoring our commitment to build a high performing sustainable organisation and executing on our core purpose and reason for being: to help advance customers and society. With his expertise in banking operations as well as auditing and accounting, Datuk Mohd. Nasir continues to offer direct contribution to the operations of CIMB.
- 2) Didi Syafruddin Yahya – The Board is of the view that Encik Didi has shown a high level of dedication and commitment to his role as a Board member that extends beyond attending Board meetings. He brings candor to Board meetings and is able to engage other Board members in discussions and healthy debates. He is objective and impartial in his approach and ensures that Board deliberations are aligned with the interests and goals of CIMB. Encik Didi is a well-known and highly regarded figure in the industry. His in-depth understanding of the banking industry locally and regionally enables the Board to stay up-to-date and be in the know of vital insights, trends, strategies and solutions which is invaluable not only to the Board but also to CIMB.
- 3) Shulamite Khoo – The Board is of the view that Ms. Khoo is a valuable member of the Board and has proven herself to be capable competent and is committed in her role as Director. She brings added value to the Board given her experience in human resource matters, culture, rewards and compensation systems. The Board has benefitted from Ms. Khoo's counsel as well as her mentorship and contribution towards the people and culture transformation program at CIMB. She has also contributed immensely in her role as a member of the GNRC and GSGC.
- 4) Ho Yuet Mee – The Board is of the view that CIMB has benefitted from having Ms. Ho Yuet Mee on the Board, given



	<p>her experience in the auditing and accounting industry, which has immensely contributed positive views to the Board. Ms. Ho is also a sustainability advocate and continuously offers her views and suggestions to the betterment of the operations of CIMB, as we strive to manage the environmental and social impacts of our business and foster a culture of sustainability, ethical conduct, and integrity across the Group.</p> <p>The statements justifying the Directors' re-election are set out in the Statement Accompanying Notice of AGM section of the CIMB Annual Report 2022.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The GNRC is chaired by Senior Independent Director, Teoh Su Yin. Her responsibilities, amongst others, are to lead the reviews on the procedure for appointment of Directors, Board Committees and Senior Management of the Group and their remuneration package.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has embraced the recommendation of the MCGG of having at least 30% women representation on the Board and they are: 1) Teoh Su Yin (Senior Independent Director) 2) Shulamite Khoo (Independent Director) 3) Ho Yuet Mee (Independent Director)
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b><u>Board</u></b></p> <p>The Board has in place the Board Diversity Framework that is applicable to all the Directors of CIMB Group. The Framework sets out the principles on diversity on the Boards that can be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. The five (5) key principles considered are independence, skills and experience, gender, cultural background and age, to ensure that CIMB Group may benefit from all available talent.</p> <p>The Board Composition and Skill Set Framework which was established in December 2022 complements the Board Diversity Framework. It lays out certain guiding principles for the assessment in the identification, nomination and selection of a new Director as well as for the Board succession planning. The guiding principles ascertain the required primary skill and experiences and set out minimum number of Board members required for each skill sets and other governance requirements on size, tenure of appointment, age and gender.</p> <p>The Board has maintained 30% of women representation in line with the recommendation of the MCCG and they are:</p> <ol style="list-style-type: none"><li>1) Teoh Su Yin (Senior Independent Director)</li><li>2) Shulamite Khoo (Independent Director)</li><li>3) Ho Yuet Mee (Independent Director)</li></ol> <p>The Board Diversity Framework is available on CIMB's corporate website at <a href="http://www.cimb.com">www.cimb.com</a>.</p> <p><b><u>Senior Management</u></b></p> <p>CIMB has in place a Group Employee Diversity &amp; Inclusion Policy which promotes diversity, in this context, refers to gender, age, background, belief, ethnicity, skill, and ability that cover employees from all levels.</p> <p>As at 31 December 2022, there are two (2) or 14% women representation at the Senior Management level.</p>

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

**Intended Outcome**

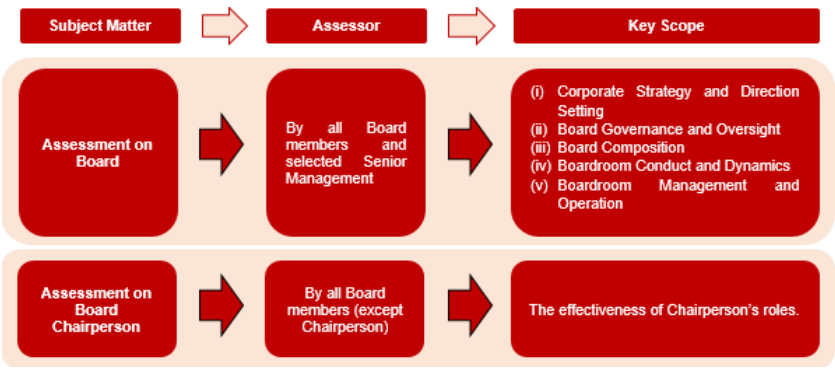
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

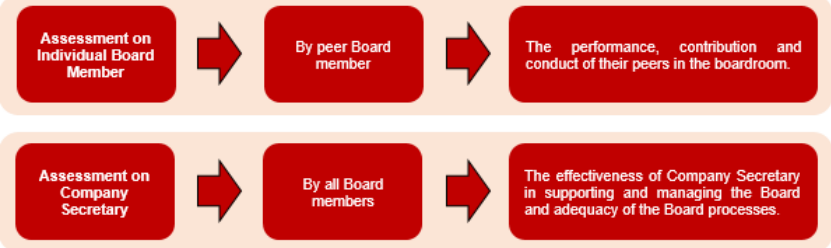
**Practice 6.1**

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.

*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.*

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The GNRC performs the BEA exercise on an annual basis to determine whether the Board and Board Committees are performing effectively and identify steps for improvement. Once every three (3) years, GNRC would obtain an independent perspective on the Board’s effectiveness to gain insights on the Board’s performance against peer boards and best practices. An external firm was last engaged to conduct the Board performance evaluation in FYE 2019.</p> <p>In FYE 2022, GNRC, facilitated by the Group Company Secretary, performed the BEA exercise whereby each Director and selected Senior Management (for Board assessment) was asked to complete the questionnaire and submit directly to the Group Secretary who collated the responses and produced a summary report to GNRC. The GNRC analysed the report and submitted its findings and actions plan to the Board.</p> <p>The BEA exercise, which was conducted via survey questionnaires, covered the following scope:</p> 

	 <p>Overall, the result of the BEA was positive indicating that the Board, Board Committees and individual Directors were effective in discharging their roles. The outcome of the BEA could be used as reference in the re-appointment of the Directors, Board Committees' membership appointment and Board/ Board Committees' restructuring.</p> <p>The BEA exercise had identified the following main areas for improvement:</p> <ul style="list-style-type: none"> <li>(i) A clear and well-defined leadership succession plan that is aligned to CIMB's strategic goals, direction and sustainability should be in place;</li> <li>(ii) Board is to be decisive and able to effectively make high-quality decisions factoring all relevant risks and sustainability considerations; and</li> <li>(iii) The need to have structured and clearer direction on contentious matters with rigorous follow-up actions.</li> </ul> <p>As at 31 December 2022, the action plans to address the above have commenced and are ongoing.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b> :	Applied																										
<b>Explanation on application of the practice</b> :	<p><b><u>Directors' Remuneration Framework</u></b></p> <p>The CIMB Group Directors' Remuneration Framework sets out the methodology and formula on how retainer fees, Chairperson's premium and meeting fees of the Board are derived, as follows:</p> <ul style="list-style-type: none"> <li>• Comparison against CIMB's industry peers;</li> <li>• BNM FIDE Forum Directors' Remuneration Report 2015 formula; and</li> <li>• Back testing the data against closest peers.</li> </ul> <p>The implementation of this Framework has been approved by the shareholders at the 60<sup>th</sup> Annual General Meeting which was held in 2017 and is reviewed every three (3) years by the Board through the GNRC. The last review was conducted in FYE 2021 to include medical benefits and the said revision was implemented in FYE 2022. All Board members (excluding CIMB's Executive Director and any Director who serves as an Executive elsewhere) are eligible to medical benefits i.e., outpatient and dental, hospitalisation, and executive health screening.</p> <p>This Framework is designed to recognise the contribution of the Directors in relation to its fiduciary and statutory duties, risks and time commitment. This Framework also serves to attract and retain Directors who have the desired experience and skills from various sectors.</p> <table border="1"> <thead> <tr> <th colspan="2">CIMB</th> <th>Retainer Fees (RM per annum)</th> <th>Chairperson's Premium (RM per annum)</th> <th>Meeting Fees (RM per meeting)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Board</td> <td>Chairperson# *</td> <td>170,000</td> <td>510,000</td> <td>5,000</td> </tr> <tr> <td>Member#</td> <td>170,000</td> <td>N/A</td> <td>5,000</td> </tr> <tr> <td rowspan="2">Board Committees</td> <td>Chairperson</td> <td>N/A</td> <td>100,000</td> <td>5,000</td> </tr> <tr> <td>Member</td> <td>N/A</td> <td>N/A</td> <td>5,000</td> </tr> </tbody> </table> <p><i>Notes:</i></p>				CIMB		Retainer Fees (RM per annum)	Chairperson's Premium (RM per annum)	Meeting Fees (RM per meeting)	Board	Chairperson# *	170,000	510,000	5,000	Member#	170,000	N/A	5,000	Board Committees	Chairperson	N/A	100,000	5,000	Member	N/A	N/A	5,000
CIMB		Retainer Fees (RM per annum)	Chairperson's Premium (RM per annum)	Meeting Fees (RM per meeting)																							
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*# All Board members (excluding CIMB's Executive Director and any Director who serves as an Executive elsewhere) are eligible to medical benefits i.e., outpatient and dental, hospitalisation, and executive health screening.*

*\* Chairperson also receives benefits-in-kind which include, car maintenance, petrol and toll cards, personal driver, leave passage, corporate club membership fees, mobile phone and bill, personal bodyguard and security guard.*

The Directors are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The details of the remuneration of each Director received/receivable and the insurance premium are disclosed under Notes of the Financial Statement 2022.

### **Employee Remuneration Policy**

The CIMB Group Remuneration Policy, which has been reviewed by the GNRC and approved by the Board, applies to all subsidiaries and overseas offices within CIMB and acts as a guiding principle in relation to the design and management of CIMB's remuneration programmes. Three key principles of CIMB's Remuneration Policy are as follows:

<b>Principle</b>	<b>Purpose</b>	<b>Approach</b>
Strong governance	To ensure strong and independent oversight of the remuneration system	<ul style="list-style-type: none"> <li>• Oversight and review by GNRC</li> <li>• Guided by input from control functions, AC and BRCC</li> </ul>
Appropriate assessment of performance	To support a performance based culture which promotes prudent risk-taking and long-term sustainability	<ul style="list-style-type: none"> <li>• Performance measurement through balanced scorecard which includes both financial and non-financial goals, short-term and long-term perspectives and incorporates measures related to risk, compliance and process controls.</li> <li>• Financial goals include profitability and return on equity (ROE). Additional risk-adjusted metrics such as risk-adjusted return on capital (RAROC) are also measured and tracked.</li> <li>• Deferral, malus and clawback arrangements in variable remuneration schemes.</li> </ul>
Market competitiveness	To offer rewards that allow CIMB to attract, motivate and retain the right talent	<ul style="list-style-type: none"> <li>• Benchmarking against similar organisations in the geographies and industries in which CIMB operate.</li> </ul>

### **Components of Remuneration**

Employee remuneration is composed of two main components – fixed and variable:

<b>Components</b>	<b>Composition</b>	<b>Purpose and Approach</b>
Fixed	Consists of base salary and fixed allowances	<ul style="list-style-type: none"> <li>• Determined based on skills, competencies, responsibilities and performance of the employee, taking into consideration market competitive levels.</li> </ul>

	<p>Variable Payable through annual cash bonus and share-based plans (through participation in the Equity Ownership Plan and/or Long Term Incentive Plan, as described below)</p> <ul style="list-style-type: none"> <li>• Purpose of motivating, rewarding and retaining high performing employees who generate shareholder value and contribute to the success of the Group.</li> <li>• Performance-based and not guaranteed, reflecting the individual employee's performance, and business unit or function performance as well as the Group's results.</li> <li>• Portions of cash bonus may be subject to deferral.</li> <li>• Based on a selection criterion, shares and/or share options may be awarded to employees through participation in the Group's Equity Ownership Plan and/or Long Term Incentive Plan.</li> </ul> <p>The Equity Ownership Plan (EOP) and Long Term Incentive Plan (LTIP) serves as the Group's share-based plans, with the intent of:</p> <ul style="list-style-type: none"> <li>• aligning the interests of key personnel to that of shareholders;</li> <li>• mitigating a short-term mindset and cultivating a focus towards long-term sustainability; and</li> <li>• retaining key personnel with the Group.</li> </ul> <p>Shares under EOP are released progressively to the participants over three (3) years. Over the last five (5) years, 58 million shares (0.5% of issued ordinary shares of the Group) have been transferred to senior management employees via EOP.</p> <p>The LTIP is a 7-year plan where shares and share options are vested in 2024 and 2025, and are subject to performance conditions set in line with the Group's strategy and targets. Since implementation in FYE 2021, LTIP grants consisting of shares and share options (2.3% of issued ordinary shares) were awarded to top executives and key leaders of the Group, as disclosed in the financial statements.</p> <p>Any deferred variable remuneration (cash bonus, shares and/or share options) that has been awarded to employees (whether paid and/or vested, or unpaid and/or unvested) is subject to forfeiture, adjustment or clawback in the event of:</p> <ul style="list-style-type: none"> <li>• Resignation or cessation of employment with the Group</li> <li>• Misconduct</li> <li>• Material restatement of financial results</li> <li>• Breach of statutory or fiduciary duties</li> <li>• Material adverse impact to reputation or interest of the Group</li> </ul> <p>The mean annual compensation of all employees (excluding Group CEO) is broadly RM160,000. The ratio between the total annual compensation of the Group CEO and the mean annual compensation of all employees (excluding Group CEO) is 46.</p> <p><b>Measurement of Performance</b></p> <p>The Group's performance is determined in accordance with a balanced scorecard which includes key measures on profitability, cost, capital, medium to long-term strategic initiatives, sustainability performance and initiatives, as well as risk, audit</p>
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and compliance positions. Additional risk-adjusted metrics such as RAROC are also measured and tracked.

The Group's key measures are cascaded to the collective scorecards of business units and enabler functions accordingly and subsequently to individual goals.

For each employee, performance is tracked through a set of balanced goals. In addition to financial targets, goals in the scorecard usually include measures on customer experience, long-term initiatives (where progress of milestones or ROI may be monitored), risk management and process controls, audit and compliance findings, as well as people-related measures. At the end of the year, performance of each individual is then assessed through the Group's performance management framework which is based on the meeting of individual goals in the scorecard and qualitative feedback.

For the Group CEO, performance is likewise measured through a scorecard which covers measures on ROE, cost, risk and controls, customer experience and strategic initiatives – the assessment of the scorecard forms the basis of the Group CEO's variable compensation.

#### **Determination of Variable Remuneration**

Based on CIMB's performance, the GNRC will determine the overall variable remuneration pool taking into consideration key performance measures in the corporate scorecard and ensuring that CIMB does not pay variable remuneration at a level that would affect shareholders' interest. The GNRC has the discretion to adjust the pool where required, based on poor performance, capital requirements, economic conditions, competitive landscape and retention needs.

The Group pool will be allocated to the business units and functions based on their respective performance, measured through balanced collective scorecards and guided by the Group CEO. The allocation will also take into consideration inputs from the control functions such as Audit, Compliance and Risk.

Variable remuneration of each individual employee is then determined based on individual assessment and collective scorecard performance of the business unit/function to which the individual belongs, subject to adequacy of the allocated bonus pool. Variable remuneration of the individual may also be adjusted based on accountability of audit and compliance findings, or disciplinary action.

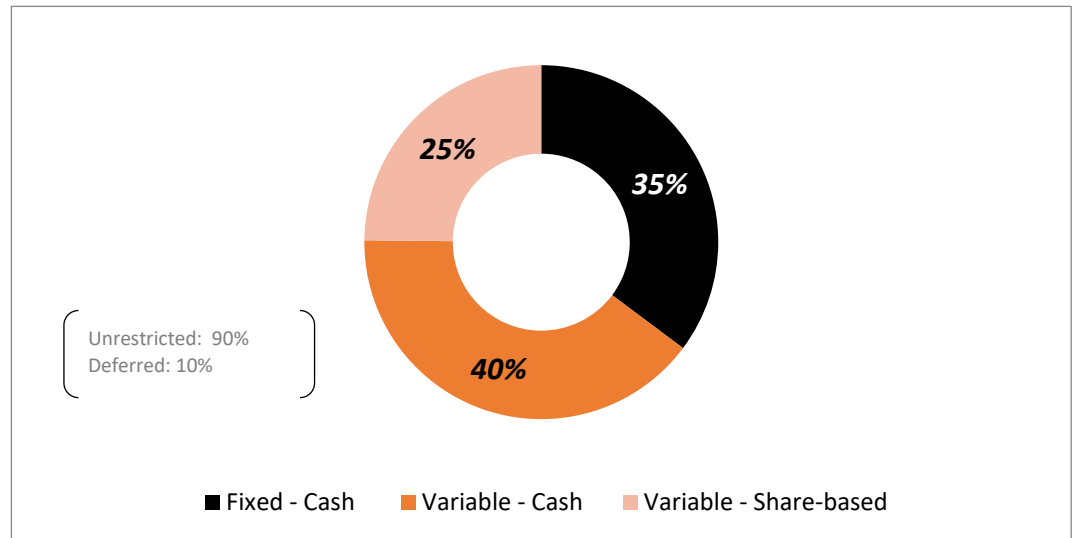
The control functions of Audit, Compliance and Risk operate independently from the business units in CIMB, and have appropriate authority to carry out their individual functions without intervention from the business units. To prevent conflict of interest, remuneration of employees in these control functions are not dictated by business units that they support. Remuneration of the Group Chief Risk Officer, Group Chief Legal & Compliance Officer and the Group Chief Internal Auditor are determined and approved by the BRCC and the AC.

#### **SENIOR OFFICERS AND MATERIAL RISK TAKERS**

##### **Summary of 2022 Remuneration Outcome**

Breakdown of remuneration awarded to Senior Officers and Material Risk Takers for 2022:

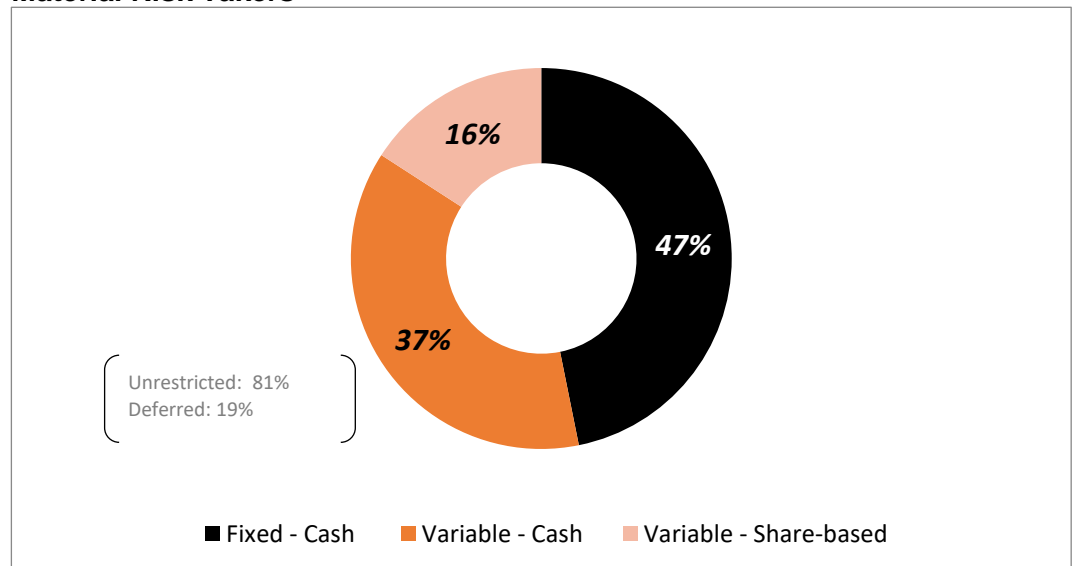
**Senior Officers**



Senior Officers (SOs) of the Group are defined as the Group CEO, Executive Directors and members of the Group Executive Committee (GEXCO) and key direct reports of the Group CEO.

Total remuneration awarded to 19 SOs for the FYE 2022 was RM107.4 million (included in this remuneration the allocation of LTIP attributed to 2022).

**Material Risk Takers**



Material Risk Takers (MRTs) are defined as senior management and employees whose responsibilities have a material impact on the Group’s performance and risk profile, and employees whose responsibilities require them to take on material risk exposures on behalf of the Group.

Total remuneration awarded to 57 MRTs for the FYE 2022 was RM167.7 million (included in this remuneration the allocation of LTIP attributed to 2022).

LTIP awarded to SOs and MRTs in 2022 amounted to 2.2 million shares and 10.1 million share options (0.1% of issued ordinary shares).

Variable compensation of the Group CEO and senior leaders is made up of short term bonus and long term incentives, and at least 40% of this variable compensation is deferred, comprising a mix of shares/share options and cash. In 2022, the portion of long term incentives (shares and share options) for the Group CEO is more than 40% of his variable compensation. The balance of his variable compensation, which is the short term bonus, is payable in cash without deferral.

## Quantitative Disclosures for 2022

**Table 1: Guaranteed Bonuses, Sign-on Bonuses and Severance Payments**

Category	SOs (RM'000)	MRTs (RM'000)
Number of guaranteed bonuses	-	-
Number of sign-on bonuses	1	-
Number of severance payments	-	-
Total amount of above payments made during the FYE 2022	1,000	-

**Table 2: Breakdown of Deferred Remuneration**

Category	SOs (RM'000)	MRTs (RM'000)
Total amount of outstanding deferred remuneration		
• Cash	6,239	22,704
• Shares	50,551	53,343
Total amount of deferred remuneration paid out during the financial year		
• Cash	1,146	1,294
• Shares	11,588	16,895
Outstanding deferred remuneration (performance adjustments):		
• Of which exposed to ex-post adjustments	100%	100%
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-
Outstanding retained remuneration (performance adjustments):		
• Of which exposed to ex-post adjustments	-	-
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-
• Examples of explicit ex-post adjustments include malus, clawbacks or similar reversals or downward revaluations of awards.		
• Examples of implicit ex-post adjustments include fluctuations in the value of shares or performance units.		

**Table 3: Breakdown of Group CEO's Remuneration**

Name	Category	Cash (RM'000)	Shares (RM'000)	Other Emoluments <sup>2</sup> (RM'000)	Total (RM'000)
Dato' Abdul Rahman Ahmad	Fixed remuneration	2,700	-	557	3,257
	Variable remuneration				
	• Non-deferred	3,720	-	446	4,166
	• Deferred	-	-1	-	-
	Total remuneration award for FYE 2022	6,420	-1	1,003	7,423

Deferred variable and conditional award under the Group's Long Term Incentive Plan (for alignment with long term performance, as described earlier)

Allocation attributed to 2022 : 272,000 performance shares  
3,727,600 share options

These are vested over 2024 and 2025, and are subject to the following conditions:  
Performance shares - meeting ROE targets  
Share options - exercise price of RM4.96

<sup>1</sup> Deferred compensation in shares was awarded in the form of LTIP (as shown above), and the value of the LTIP awards are not shown here as they are only vested in 2024 and 2025.

<sup>2</sup> Other emoluments include EPF contributions and benefits-in-kind

The following table summarises the Group CEO's shareholdings as at 31 December 2022:

Name	Shares held Beneficially (Units)	Unvested EOP Shares not subject to Performance Measures (Units)	Total Shares (Units)	Value of Shares (as at 31 December 2022) as a Percentage of Annual Salary	Unvested LTIP Shares and Share Options subject to Performance Measures (Units)
Dato' Abdul Rahman Ahmad	13,679	22,548	36,227	8%	816,000 (performance shares) 11,183,000 (share option)

Taking into consideration the value of unvested LTIP awards (share options and shares which are subject to performance conditions as disclosed in the financial statements), the shareholdings of the Group CEO as at 31 December 2022 is 396% of annual salary.

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board of CIMB had delegated to the GNRC to set the principles, parameters and governance framework relating to the Group's remuneration matters. The framework/policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management are documented in the CIMB Group Directors' Remuneration Framework and CIMB Group Remuneration Policy respectively.</p> <p>The GNRC also oversees the nomination process and remuneration package of Non-Executive Directors and Key Senior Management of the local and regional subsidiaries and joint-venture entities of CIMB.</p> <p>The terms of reference of the GNRC are available on CIMB's website at <a href="http://www.cimb.com">www.cimb.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The remuneration payable to the Directors by CIMB Group in FYE 2022, are as follows:



No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Mohd Nasir Ahmad	Independent Director	170	145	-	-	37	510	862	403	302	-	-	37	691	1,433
2	Teoh Su Yin	Independent Director	170	233	-	-	-	200	603	310	278	-	-	-	340	928
3	Robert Neil Coombe	Independent Director	170	115	-	-	-	-	285	170	115	-	-	-	-	285
4	Dato' Lee Kok Kwan	Non-Executive Non-Independent Director	170	115	-	-	-	-	285	402	310	-	-	-	-	712
5	Dato' Mohamed Ross Mohd Din	Independent Director	170	280	-	-	-	100	550	310	460	-	-	47	240	1,057
6	Afzal bin Abdul Rahim	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Didi Syafruddin Yahya	Independent Director	170	308	-	-	-	100	578	879	682	-	-	-	100	1,661
8	Shulamite Khoo	Independent Director	170	195	-	-	-	-	365	170	195	-	-	-	-	365
9	Ho Yuet Mee	Non-Executive Non-Independent Director	73	143	-	-	-	-	216	157	298	-	-	-	-	455
10	Dato' Abdul Rahman Ahmad	Executive Director	-	-	-	-	-	-	-	-	180	2,520	3,720	69	878	7,367
11																
12																
13																
14																
15																

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has decided not to disclose, on a named basis, the top 5 Senior Management's remuneration components including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.</p> <p>Across the Group, however, CIMB currently discloses the remuneration of the Top 4 Key Senior Management positions in their respective financial statements, as follows:</p> <ol style="list-style-type: none"><li>1. CEO, CIMB Group Holdings Berhad*</li><li>2. CEO, CIMB Bank Berhad*</li><li>3. CEO, CIMB Investment Bank Berhad</li><li>4. CEO, CIMB Islamic Bank Berhad</li></ol> <p><i>* Positions 1 and 2 are held by the same individual</i></p> <p>The Board believes that disclosure of these key executives' remuneration is neither to CIMB's advantage nor in its business interests, given the sensitive nature of such information and the fierce competition for talent in the banking industry.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will closely monitor developments in the market in respect of such disclosure for future considerations.
<b>Timeframe</b>	:	Monitoring of market developments is on on-going basis.

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC is chaired by Dato' Mohamed Ross Mohd Din who is not the Chairperson of the Board.</p> <p>The other two (2) members are Didi Syafruddin Yahya and Ho Yuet Mee, all of whom are Independent Directors.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC must ensure that the objectivity, independence and effectiveness of the External Auditors are maintained. As per the Board Charter, the AC will not appoint former key audit partner as its member unless the former key partner has observed a cooling-off period of at least three (3) years before being appointed as a member of the AC.</p> <p>None of the current members of the Board were former key audit partners of CIMB. Hence, there is no such person being appointed as a member of the AC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b>	<p>Every year Group Corporate Assurance Division (GCAD) and Group Finance Division will jointly perform the External Auditor reappointment to assess the suitability, objectivity and independence of external auditors. The external auditor is assessed in accordance with the Bank Negara Malaysia Guidelines on Corporate Governance for Licensed Institution and Guidelines on Appointment of External Auditors (Guidelines) in respect of its audits of CIMB Malaysian entities. The Guidelines require the Audit Committee to assess the external auditor meeting the qualification criteria which includes the independence, objectivity and performance of the auditor.</p> <p>In its assessment, the AC Audit Committee considered several factors before recommending the re-appointment of the external auditors, as follows:</p> <ul style="list-style-type: none"><li>• Level of knowledge, capabilities, experience and quality of previous work;</li><li>• Level of engagement with Audit Committee;</li><li>• Ability to provide constructive observations, implications and recommendations in areas requiring improvements;</li><li>• Adequacy in audit coverage, effectiveness in planning and conduct of audit;</li><li>• Ability to perform audit work within agreed timeframe;</li><li>• Non audit services rendered by external auditors did not impede independence; and</li><li>• The external auditors demonstrated unbiased stance when interpreting standards/policies adopted by the company.</li></ul>
<b>Explanation for departure</b> :	



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

<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The AC is chaired by Dato' Mohamed Ross Mohd Din and the other two (2) members are Didi Syafruddin Yahya and Ho Yuet Me, all of whom are Independent Directors.

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is chaired by Dato' Mohamed Ross Mohd Din and the members are Didi Syafruddin Yahya and Ho Yuet Mee. Ho Yuet Mee replaced Teoh Su Yin on the AC following her appointment as the Independent Director of CIMB on 28 July 2022. She is a certified public accountant by training and had spent a large part of her career in the Big 4 international accounting firms. She spent 25 years with Ernst &amp; Young helming various leadership roles, which included her role as audit partner handling large multinational clients, the inaugural Malaysian Programme Director for the global EY Entrepreneur of the Year Programme, the Asia Pacific Regional Partner deploying global IT projects, as well as specialising in Quality and Risk Management matters.</p> <p>The Chairperson of the AC has over 40 years of relevant banking and finance experience and was a Group Head of Audit in one of the global banks whilst Didi is a Fellow Chartered Accountant from Institute of Chartered Accountants in England and Wales. Additionally, all of the AC members have extensive working experience obtained from various industries especially in banking and finance which greatly reinforce their skills and knowledge when it comes to discharging their duties as the committee member.</p> <p>All AC members are aware of the need to continuously develop and increase their knowledge to keep themselves updated of relevant developments.</p>
<b>Explanation for departure</b>	:	

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

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board continues to be involved in identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures, whilst taking into consideration the environmental, social, and governance requirements.</p> <p><u>Risk Management</u></p> <p>CIMB employs a Group Enterprise-Wide Risk Management (Group EWRM) Framework as a standardised approach to effectively manage the risks and opportunities. The Group EWRM Framework provides the Board and management with tools to anticipate and manage both existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.</p> <p>The BRCC is chaired by Didi Syafruddin Yahya and is responsible to provide oversight and advice to the Board and the Management in respect of risks including future risk strategy, risk appetite and management of compliance risk. As at 31 December 2022, the BRCC comprises four (4) members, of whom three (3) members (including the Chairperson) are Independent Directors.</p> <p><u>Internal Control</u></p> <p>Group Corporate Assurance Division (GCAD) reports independently to AC and provides independent appraisal on the adequacy, efficiency and effectiveness of risk management, controls and governance processes implemented by Management. GCAD adopts a risk centric audit methodology and the audit plan is approved by the AC which covers key emerging risks including elevated risks arising from changes in system, control environment and business processes.</p>
<b>Explanation for departure</b>	:	

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

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p><b><u>Risk Management</u></b></p> <p>CIMB employs a Group Enterprise-Wide Risk Management (Group EWRM) framework as a standardised approach to effectively manage our risks and opportunities. The Group EWRM framework provides the Board and Senior Management with tools to anticipate and manage both existing and potential risks, taking into consideration evolving risk profiles as dictated by changes in business strategies, the external environment and/or regulatory environment.</p> <p>The design of the Group EWRM framework incorporates a complementary “top-down strategic” and “bottom-up tactical” risk management approach.</p> <p>The key features of the Group EWRM framework include:</p> <ul style="list-style-type: none"><li>I) <b>Risk Culture:</b> The Group embraces risk management as an integral part of its culture and decision-making processes. The Group's risk management philosophy is embodied in the Three Lines-of-Defence approach, whereby risks are managed initially from the onset of risk-taking activities. There is clear accountability of risk ownership across the Group.</li><li>II) <b>Governance &amp; Organisation:</b> A strong governance structure is important to ensure an effective and consistent implementation of the Group's EWRM framework. The Board is ultimately responsible for the Group's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies, methodologies/standards, and procedures. The Board is assisted by various risk committees and control functions in ensuring that the Group's risk management framework is effectively implemented.</li></ul>

	<p>III) Risk Appetite: Defined as the amount and type of risks that the Group is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk.</p> <p>IV) Risk Management Process:</p> <ul style="list-style-type: none"> <li>• Business Planning: Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture, new products and business activities.</li> <li>• Risk Identification &amp; Assessment: Risks are systematically identified and assessed through the robust application of the Group’s risk frameworks, policies, methodologies/standards and procedures.</li> <li>• Risk Measurement: Risks are measured and aggregated using the Group-wide methodologies across each of the risk types, including stress testing.</li> <li>• Risk Management &amp; Control: Risk management limits and controls are used to manage risk exposures within the risk appetite set by the Board. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.</li> <li>• Risk Monitoring &amp; Reporting: Risks on an individual, as well as on a portfolio basis, are regularly monitored and reported to ensure they remain within the Group’s risk appetite.</li> </ul> <p>V) Risk Management Infrastructure</p> <ul style="list-style-type: none"> <li>• Risk Frameworks, Policies, Methodologies/Standards, and Procedures: These are in place to address all areas of material risks. Frameworks provide broad objectives and overarching risk management architecture for managing risks. Well-defined risk policies by risk type provide the principles by which the Group manages its risks. Methodologies/ Standards provide specific directions that help support and enforce policies. Procedures provide more detailed guidance to assist with the implementation of policies.</li> <li>• People: Attracting the right talent and skills is key to ensuring a well-functioning Group EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group, as well as the economic and regulatory environment.</li> <li>• Technology and Data: Appropriate technology and sound data management support risk management activities.</li> </ul>
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## **Internal Control**

### 1. Features of Internal Control Framework:

GCAD provides audit opinion based on the five components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO); namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence. In addition, GCAD provides audit conclusion based on Level of Conformance in relation to regulatory audit/reviews, and whether objectives were met for assignments that are based on specific audit or review objectives.

### 2. Adequacy of Internal Control Framework:

The selection of the areas to be audited from the audit universe is based on an annual audit plan that is approved by CIMB Group AC and the Banking Group AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of CIMB Group. Areas that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. Notwithstanding the risk assessment, the annual audit plan will include areas that must be audited annually due to regulatory requirements, and other established criteria such as recent incidence of fraud, previous adverse audit rating or recent action by regulators. GCAD also undertakes investigations into suspected fraudulent activities, staff misconduct, whistleblowing cases, potential secrecy breach, and other incidences, as and when required, and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

### 3. Effectiveness of Internal Control Framework:

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal control together with detailed audit observations, management responses, and timeline to implement GCAD's recommendations. CIMB Group AC or Banking Group AC (as appropriate) reviews any exceptions or noncompliance raised and ascertains that appropriate and prompt remedial actions are taken by the management.

	<p><b><u>Conclusion</u></b></p> <p>The Board, through the AC, BRCC and the Board Shariah Committee (BSC), confirms that it has reviewed the effectiveness of the risk management and internal control framework and considers CIMB Group's system of internal control as adequate in safeguarding the shareholders' interests and assets of CIMB Group. The Board also confirms that there is an effective ongoing process for identification, evaluation and management of significant risks in CIMB Group and is committed to ongoing review of the entire control, compliance and risk management controls.</p> <p>Further information on the Group EWRM and Internal Control can be found in the Statement of Risk Management and Internal Control of CIMB Annual Report 2022.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The BRCC consists of four (4) members, of whom three (3) members or 75% (including the Chairperson) are Independent Directors:</p> <ol style="list-style-type: none"><li>1) Didi Syafruddin Yahya (Chairperson/Independent Director)</li><li>2) Datuk Mohd Nasir Ahmad (Independent Director)</li><li>3) Dato' Mohamed Ross Mohd Din (Independent Director)</li><li>4) Dato' Lee Kok Kwan (Non-Independent Director)</li></ol> <p>The primary responsibility of the BRCC is to ensure that the integrated risk management functions within the Group are effectively discharged. The BRCC assists the Board in, among others, formulating and reviewing the risk strategy of the organisation, approving and reviewing Group risk management policies, setting risk appetite, reviewing risk profile and ensuring a "risk-awareness" culture is embedded in CIMB.</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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>GCAD reports to the AC and provides independent appraisal on the adequacy, efficiency and effectiveness of risk management, controls and governance processes implemented by Management.</p> <p>To make sure an effective management and independence of the GCAD, the AC, among others-:</p> <ul style="list-style-type: none"><li>(a) ensures the internal audit function is well placed to undertake review or investigation on behalf of the AC, and be placed under its direct authority and supervision;</li><li>(b) reviews and approve the audit scope, procedures frequency and the annual internal audit plan;</li><li>(c) oversees the effectiveness of GCAD functions, staff competency requirements and adequacy of audit resources, and GCAD has the necessary authority to carry out its work;</li><li>(d) reviews key audit reports and ensures that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by GCAD and other control functions;</li><li>(e) mediate disagreements between the Group Chief Internal Auditor and the Senior Management, irrespective of whether these have been resolved, in order to identify any impact, the disagreements may have on the audit process or findings;</li><li>(f) ensures GCAD's compliance with relevant guidelines on internal audit issued by regulators and that the reports of GCAD should not be subject to clearance by Management; and</li><li>(g) establishes a mechanism to assess the performance and effectiveness of GCAD.</li></ul> <p>During the FYE 2022, the key matters discussed relating to GCAD's functions were as follows:</p> <ul style="list-style-type: none"><li>• Annual Performance Review of GCAD and Group Chief Internal Auditor (GCIA)</li><li>• Audit Committee Report for FYE 31 December 2022</li><li>• Audit Plan for 2022</li><li>• GCAD Forward23+ Strategy and Milestones</li><li>• GCAD Data Analytics Journey and Roadmap</li><li>• External Quality Assurance Review Report on GCAD</li></ul>

	<ul style="list-style-type: none"> <li>• GCAD Annual Audit Plan &amp; Resource Requirement</li> <li>• AC Evaluation on GCAD for Year 2022</li> </ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>GCAD reports independently to the AC and is independent of the activities and operations of the business and other support units.</p> <p>The principal responsibility of GCAD is to provide independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Management. GCAD provides audit opinion based on the 5 components set out in the Internal Control Integrated Framework issued by the COSO; namely control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognized organization providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence. In addition, GCAD provides audit conclusion based on Level of Conformance in relation to regulatory audit/reviews, and whether objectives were met for assignments that are based on specific audit or review objectives.</p> <p>A qualified external independent reviewer also conducts periodic external assessment of GCAD's internal audit activity at least once every five (5) years to assess its conformance with The Institute of Internal Auditors (IIA) International Standards for Professional Practice of Internal Auditing and the pertinent regulations. The last assessment conducted in 2021 on GCAD Malaysia accorded the internal audit activity as generally conformed to the IIA Standards.</p> <p>The Group Chief Internal Auditor, Amran bin Mohamad, is the person responsible for internal audit functions in CIMB. He is a member of the Malaysian Institute of Certified Public Accountants, the Institute of Internal Auditors Malaysia and the Malaysian Institute of Accountants. As at 31 December 2022, GCAD has a staff strength of 143 individuals from diverse backgrounds and qualifications; with 60% of the auditors possess at least one (1)</p>

	relevant certification including 51 staff whom have obtained Certification of Bank Auditors by the Asian Institute of Chartered Bankers.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's investor relations activities ensure regular, effective and fair communication with shareholders, analysts, fund managers and stakeholders. Quarterly results briefing sessions are conducted for analysts and fund managers after lodgement of results to Bursa Malaysia. All press statements and quarterly financial statements are published on the CIMB Group corporate website and the Bursa Securities website. A dedicated investor relations team supports the Group CEO and Group Chief Financial Officer in maintaining a close and active dialogue with external stakeholders. The CIMB website provides all necessary corporate information as well as an avenue for investors to submit their feedback and raise any questions. In FYE 2022, CIMB Group actively engaged with its stakeholders via various avenues including 12 regular larger-group conference calls, 8 pre-closed period meetings with the domestic buy- and sell-side, 4 quarterly financial announcement investor conference calls, 12 in-house meetings, attended 13 virtual and physical investor conferences and 23 meetings on non-deal roadshows. Management engaged with 490 analysts and fund managers during the year.</p> <p>Furthermore, CIMB has a dedicated a section on the website in line with the Group's commitment to upholding the highest standards of corporate governance and stakeholder engagement. The Investors Relations (<a href="https://www.cimb.com/en/investor-relations/overview.html">https://www.cimb.com/en/investor-relations/overview.html</a>) section seeks to provide the most pertinent financial and relevant information such as Company Announcements, Financial Information, Annual Reports and Shareholding Information among others.</p>
<b>Explanation for departure</b>	:	



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

<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In documenting reports, CIMB’s attempt has been to overcome silos, encourage cross-functional dialogues, and develop a holistic understanding of inter-relationships between the key factors that drive our business, direct resources, and deliver performance and impact.</p> <p>It is a continuous process of learning and improvement as CIMB adopts and works to the principles of Integrated Reporting, making CIMB narrative not just about the year under review, but about areas that will continue to deliver value to our stakeholders in the mid to long term, enhancing brand equity, strengthening our business relationships, and promising meaningful development for all.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board ensures that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the Annual General Meeting (AGM). The AGM Notice includes details of the resolutions proposed, along with any relevant information and reports. CIMB held its 65 <sup>th</sup> AGM on 21 April 2022 with the Notice and Agenda of the AGM delivered to the shareholders on 23 March 2022, this being 28 days before the Meeting. The Notice and Agenda were also published in the local English and Bahasa Malaysia newspapers and made available on CIMB's website at <a href="http://www.cimb.com">www.cimb.com</a> . The 65 <sup>th</sup> AGM was held fully virtual as per the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers (Guidance Note) issued by the Securities Commission Malaysia.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The 65 <sup>th</sup> AGM was attended by all Directors, Senior Management and 1723 shareholders. The Board Chairperson, who chaired the AGM, provided fair opportunity and time to all shareholders to exercise their rights to raise questions and make recommendations. These questions were attended to by the Board Chairperson or/and relevant Board member(s) or/and Senior Management. The AGM was minuted and the minutes was made available within 30 business days after the meeting on CIMB's website at <a href="http://www.cimb.com">www.cimb.com</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>CIMB has leveraged on technology to facilitate greater Shareholders’ participation and enhance the proceedings of the AGM.</p> <p>Resolutions during the 65<sup>th</sup> AGM were arrived at via online electronic poll voting to enable all Shareholders to cast their votes. The Share Registrar, Boardroom Share Registrars Sdn. Bhd. acted as the Poll Administrator to conduct the online electronic polling process and Messrs. Deloitte was appointed as the Scrutineer to verify the poll results.</p> <p>CIMB Group continuously review the cyber defence capabilities to protect customers’ data security, while continuously strengthening the resilience against potential cyber threats. As part of managing IT operations, CIMB Group continued to be vigilant and stay alert on the cyber threat landscape with close monitoring by the dedicated Cyber Security Defence Centre and Threat Monitoring &amp; Intelligence unit. Security awareness program has been elevated to equip staff with necessary skills in detecting and appropriately responding towards malicious attempts targeting at end-users. CIMB Group is also working closely with relevant authorities and industry players in heightening protection, detection and response capabilities for cyber resiliency.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>At the 65<sup>th</sup> AGM held on 21 April 2022, the Chairman started the meeting by welcoming all the shareholders of CIMB which was held fully virtual. The Chairman took the opportunity to thank the shareholders for their virtual presence and continuous support to CIMB.</p> <p>The Chairman highlighted that the transition from response to recovery remained a complex and challenging process for many and CIMB was not spared of this 'new normal'. The scale and speed at which various government and business machinery responded to Covid-19 had been unprecedented. He further highlighted that in 2022 Financial Institutions assumed a critical role in the recovery efforts of governments, regulators and policymakers. He continued to brief the shareholders on Sustainability, Risk and Governance, before inviting the Group CEO to present the 2021 CIMB Group Overview and 2022 Plans.</p> <p>The Group CEO then took the opportunity to engage the shareholders by giving a presentation which covered the following:</p> <ul style="list-style-type: none"><li>i) CIMB Today</li><li>ii) FYE 2021 Performance</li><li>iii) Forward23+ Progress</li><li>iv) Journey Towards a Purpose Driven Organisation; and</li><li>v) CIMB Going Forward</li></ul> <p>The Chairman then tabled the Audited Financial Statements for the FYE 31 December 2021 and the Reports of the Directors and Auditors. The Chairman informed that CIMB had published the Annual Report and its Audited Financial Statements for FYE 2021 to Bursa Malaysia on 23 March 2022 and subsequently uploaded to CIMB's Website on the same day. The Audited Financial Statements</p>

for the FYE 31 December 2021 were only for discussion and would not be put to vote, as it did not require shareholders' approval under the provisions of Section 340 (1) of the Companies Act 2016.

All the Directors and Senior Management were present at the 65<sup>th</sup> AGM to provide responses to the questions posed by shareholders via Boardroom Smart Investor Online Portal website [www.boardroomlimited.com/my](http://www.boardroomlimited.com/my) in relation to the agenda items for the 65<sup>th</sup> AGM, both prior to and during the 65<sup>th</sup> AGM.

The Chairman also informed that the members, corporate representatives and proxies present had the right to speak and vote on the resolutions set out in the Notice of the 65<sup>th</sup> AGM dated 23 March 2022. The Chairman advised shareholders that any queries regarding banking related matters should be directed to CIMB's dedicated email at [cru@cimb.com](mailto:cru@cimb.com).

The queries addressed during the 65<sup>th</sup> AGM were as follows:

#### Questions from Minority Shareholder Watch Group (MSWG)

The Chairman mentioned that a letter and questions were received from MSWG and invited Dato' Abdul Rahman to address them accordingly. Dato' Abdul Rahman informed that CIMB had responded to the letter from MSWG in relation to the 65<sup>th</sup> AGM. He then provided CIMB's written replies in response to the six (6) questions raised by MSWG and a snapshot of the questions and responses were also provided online for the benefits of the shareholders.

#### Questions from Permodalan Nasional Berhad (PNB)

The Chairman mentioned that questions were received from PNB and invited Dato' Abdul Rahman to address them accordingly. Dato' Abdul Rahman informed that CIMB had responded to the questions from PNB in relation to the 65<sup>th</sup> AGM. He then provided CIMB's written replies in response to the nine (9) questions raised by PNB and a snapshot of the questions and responses were also provided online for the benefits of the shareholders.

#### Pre AGM Questions from Shareholders

CIMB received pre-AGM questions from shareholders prior to the 65<sup>th</sup> AGM which the Group CEO, Group Chief Financial Officer and himself read the questions and answered on behalf of the Board.

#### Online Questions from Shareholders during the AGM

The Chairman then opened the Questions and Answers (Q&A) session and invited shareholders to submit questions online for the



	<p>Board/Management’s response. The Chairman informed that the Board would endeavour to respond to these questions.</p> <p>The questions posed online would be reviewed to avoid repetition of questions of similar in nature, and if they were lengthy the Board would summarise them.</p> <p>The Chairman further informed that CIMB had appointed the Independent Scrutineers, Messrs. Deloitte to verify and oversee the Q&amp;A process. The Board/Management then addressed 18 questions from the shareholders.</p> <p>The Chairman thanked shareholders for all questions and reiterated that if there were questions yet to be answered, Management would revert to shareholders via email soonest possible.</p> <p>After the Q&amp;A session ended, The Chairman declared that the Audited Financial Statements together with the Directors and Auditors Reports for the FYE 31 December 2021 were deemed received.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

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

## Practice 13.5

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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>CIMB has leveraged technology to facilitate greater Shareholders' participation and enhance the proceedings of General Meetings.</p> <p>Resolutions during the 65<sup>th</sup> AGM were arrived at via online electronic poll voting to enable all Shareholders to cast their votes. The Share Registrar, Boardroom Share Registrars Sdn Bhd (Boardroom), acted as the Poll Administrator to conduct the online electronic polling process and Messrs. Deloitte was appointed as the Scrutineer to verify the poll results.</p> <p>As the country transitions into the endemic phase and as part of the Company's continuous effort to curb the spread of COVID-19, the 66<sup>th</sup> CIMB AGM will be conducted entirely on virtual basis at the broadcast venue and through live streaming and online remote voting via Remote Participation and Electronic Voting facilities available on Boardroom Share Registrars Sdn Bhd's website at Boardroom Smart Investor Online Portal at <a href="http://www.boardroomlimited.my">www.boardroomlimited.my</a>.</p> <p>Shareholders will be given the opportunity to post questions before the AGM or during the AGM via the online portal. All questions received pre-AGM and during the AGM proceeding (except those that are repetitive) will be shown on the screen for transparency purposes. CIMB endeavours to respond to all questions received, and those that are not answered will be responded via email to the intended shareholder(s). Minutes of the AGM will be published on CIMB's website, within 30 business days after the AGM.</p>
<b>Explanation for departure</b>	:

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

### 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: CIMB held its 65 <sup>th</sup> AGM on 21 April 2022 with the Notice and Agenda of the AGM delivered to the Shareholders on 23 March 2022. The AGM was minuted and the minutes was made available within 30 business days after the AGM on CIMB's website at <a href="http://www.cimb.com">www.cimb.com</a> .
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

Corporate Information (as at 31 December 2022)

### **Board of Directors**

#### **Board Composition**

<b>Directors</b>	<b>Designation</b>
Datuk Mohd Nasir Ahmad	Chairperson / INED
Teoh Su Yin	INED
Robert Neil Coombe	INED
Dato' Mohamed Ross Mohd Din	INED
Dato' Lee Kok Kwan	NINED
Afzal Abdul Rahim	INED
Didi Syafruddin Yahya	INED
Shulamite Khoo	INED
Ho Yuet Mee	INED
Dato' Abdul Rahman Ahmad	Group CEO/ED

Following the resignation of Serena Tan Mei Shwen (who represented Khazanah Nasional Berhad as NINED), the Board had, on 28 July 2022 appointed Ho Yuet Mee as an INED replacing the former. With Ho Yuet Mee on board, the number of INED increased from seven (7) in FYE 2021 to eight (8) in FYE 2022.

The profiles of the Board of Directors and their external commitments are disclosed in the CIMB Annual Report 2022 which can be found on CIMB's corporate website at [www.cimb.com](http://www.cimb.com).

#### **Board of Directors' Interest in the Shares of CIMB as at 31 December 2022**

Save as disclosed below, none of the Directors have any interest in CIMB's shares as at 31 December 2022:

<b>Directors</b>	<b>Number of CIMB Shares held as at 31 December 2022<sup>^</sup></b>			
	<b>Direct</b>		<b>Indirect</b>	
	<b>No of shares</b>	<b>%</b>	<b>No of shares</b>	<b>%</b>
<b>Non-Executive</b>				

Datuk Mohd Nasir Bin Ahmad	-	-	-	-
Teoh Su Yin	-	-	-	-
Robert Neil Coombe	-	-	-	-
Dato' Mohamed Ross Mohd Din	-	-	-	-
Dato' Lee Kok Kwan	1,285,710	*	95,498	*
Afzal Abdul Rahim	-	-	-	-
Didi Syafruddin Yahya	-	-	46,791 <sup>#</sup>	*
Shulamite Khoo	-	-	-	-
Ho Yuet Mee	-	-	-	-
<b>Executive</b>				
Dato' Abdul Rahman Ahmad	-	*	13,679 <sup>#</sup>	-

Notes:

<sup>^</sup> Based on Records of Depositors

\* Negligible

<sup>#</sup> Through Nominees

## Roles and responsibilities of the Board

The roles and responsibilities of the Board are set out in the Board Charter which is available at [www.cimb.com](http://www.cimb.com).

## Directors' Development

The Board continuously monitors the frequency and quality of training sessions attended by its members. The Group Company Secretary reports the status of the trainings attended by each Board member in every quarter. In FYE 2022, the Board members had attended various training programmes in accounting and audit, capital market and financial industry, governance, information technology, Islamic Banking, leadership and strategy, risk management and sustainability.

## Board Committees

The Board has delegated authority to various Board Committees to enable them to oversee certain specific responsibilities based on their terms of reference. The terms of reference of each Board Committee set out the responsibilities of the Board Committee, conduct of meetings including quorum, voting requirements and Board Committee membership. All our Board Committees comprise only Non-Executive Directors. Any change to the terms of reference for any Board Committee requires the Board's approval. The minutes of Board Committee meetings, which records the key deliberations and decisions taken during these meetings, are circulated to all Board members for their information. During every Board meeting, the Chairperson of each Board Committee provides an update on significant matters discussed at the Board Committee meetings which are typically scheduled before the Board meeting.

The members, objective and main areas of oversight of each Board Committee are summarised as follows:

**(i) Audit Committee (AC)**

**Members:**

1. Dato' Mohamed Ross Mohd Din – Chairperson / INED
2. Didi Syafruddin Yahya – Member / INED
3. Ho Yuet Mee – Member / INED (*Appointed on 28 July 2022*)

**Objective:**

To support CIMB Board in ensuring that there is a reliable and transparent financial reporting process within CIMB and its subsidiaries, and to review the corporate governance practices and internal control system in ensuring checks and balances within the Group.

**(ii) Board Risk and Compliance Committee (BRCC)**

**Members:**

1. Didi Syafruddin Yahya – Chairperson / INED
2. Datuk Mohd Nasir Ahmad – Member / INED
3. Dato' Mohamed Ross Mohd Din – Member / INED
4. Dato' Lee Kok Kwan – Member / NINED

**Objectives:**

1. To provide oversight and advice to CIMB Board and Management in respect of all risks undertaken by the Group and future risk strategy, including determination of risk appetite.
2. To provide oversight and advice to the Board and Management in respect of the management of compliance risk.

**(iii) Group Nomination and Remuneration Committee (GNRC)**

**Members:**

1. Teoh Su Yin – Chairperson / INED
2. Dato' Mohamed Ross Mohd Din – Member / INED
3. Didi Syafruddin Yahya – Member / INED
4. Shulamite Khoo – Member / INED
5. Afzal Abdul Rahim – Member / INED

**Objectives:**

1. To support the Board in carrying out its functions by providing a transparent and consistent procedure concerning the Board, Board Committees, individual Directors, Chief Executive Officer/Executive Director (CEO/ED) and Senior Management Officers (SMOs) pertaining to appointments and removals, composition; and annual evaluation.
2. To support the Board in overseeing the design and operation of the Group's remuneration framework by providing a transparent and consistent procedure for developing Policies and Procedures for Directors, Members of the Board Committees and employees of the Group. The remuneration framework must be competitive and consistent with the culture, objectives, strategy and the existing remuneration guidelines and framework of the Group.
3. To review the remuneration of Directors of the Group Boards, Members of the Board Committees, CEOs/EDs, SMOs and Material Risk Takers (MRTs), particularly on

whether the remuneration remains appropriate vis-à-vis their contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

**(iv) Group Sustainability and Governance Committee (GSGC)**

**Members:**

1. Teoh Su Yin – Chairperson / INED
2. Datuk Mohd Nasir Ahmad – Member / INED
3. Robert Neil Coombe – Member / INED
4. Shulamite Khoo – Member / INED
5. Didi Syafruddin Yahya – Member / INED
6. Ho Yuet Mee – Member / INED (*Appointed on 28 July 2022*)

**Objective:**

The GSGC’s primary objective is to assist the Board in fulfilling its responsibilities in:

1. advocating and fostering the ethical conduct, integrity culture and sustainability mind-set across the CIMB and its Group.
2. providing oversight, advice and direction in the development, implementation and monitoring of the strategies, framework, and policies with respect to integrity and governance; sustainability and climate change; and corporate responsibility of the Group.
3. overseeing the management of bribery, corruption and sustainability and other related risks and the consequence management of breaches thereof.

The roles and responsibilities and terms of the BSC are stated under the Board Shariah Committee Report in the CIMB Annual Report 2022. The terms of reference of the Board Committees can be found on CIMB’s corporate website at [www.cimb.com](http://www.cimb.com).

**Board and Board Committees’ Meetings**

In FYE 2022, CIMB’s Board and Board Committees meetings were held virtually. Members of Senior Management have also been invited to attend selected Board meetings to support the Board with further information on the matters being deliberated. All Directors attended more than 75% of all Board Meetings in FYE 2022. The terms of reference of the Board sets out the conduct of meetings including quorum (at least 75% present of which one (1) must be an Independent Director), voting requirements and Board membership.

The attendance of the Board members and Board committee members at the meetings during FYE 2022 are as follows:

Director	Attendance of Meeting				
	Board	Board Committee			
		BRCC	AC	GNRC	GSGC
Datuk Mohd Nasir Ahmad	21/21	5/5	-	-	5/5
Dato’ Abdul Rahman Ahmad	21/21	-	-	-	-
Teoh Su Yin	18/21	-	-	12/12	5/5
Robert Neil Coombe	21/21	-	-	-	2/5



Dato' Mohamed Ross Mohd Din	21/21	5/5	19/19	12/12	-
Dato' Lee Kok Kwan	20/21	5/5	-	-	-
Afzal Abdul Rahim	19/21	-	-	12/12	-
Didi Syafruddin Yahya	21/21	5/5	19/19	11/12	5/5
Shulamite Khoo	21/21	-	-	12/12	5/5
Ho Yuet Mee*	10/10	-	7/8	-	2/2

Notes:

BRCC – Board Risk and Compliance Committee

AC – Audit Committee

GNRC – Group Nomination and Remuneration Committee

GSGC – Group Sustainability and Governance Committee

\*Ho Yuet Mee was appointed as an Independent Director of CIMB on 28 July 2022

## **INTERNAL CONTROL FRAMEWORK**

The Internal Control Framework is set out in the Statement on Risk Management and Internal Control in the CIMB Annual Report 2022.

## **REMUNERATION**

### **Directors' Remuneration Framework**

The CIMB Group Directors' Remuneration Framework sets out the methodology and formula on how retainer fees, Chairperson's premium and meeting fees of the Board are derived, as follows:

- Comparison against CIMB's industry peers;
- BNM FIDE Forum Directors' Remuneration Report 2015 formula; and
- Back testing the data against closest peers.

The implementation of this Framework has been approved by the shareholders at the 60th Annual General Meeting which was held in 2017 and is reviewed every three (3) years by the Board through the GNRC. The last review was conducted in FYE 2021 to include medical benefits and the said revision was implemented in FYE 2022. All Board members (excluding CIMB's Executive Director and any Director who serves as an Executive elsewhere) are eligible to medical benefits i.e., outpatient and dental, hospitalisation, and executive health screening.

This Framework is designed to recognise the contribution of the Directors in relation to its fiduciary and statutory duties, risks and time commitment. This Framework also serves to attract and retain Directors who have the desired experience and skills from various sectors.

<b>CIMB</b>		<b>Retainer Fees (RM per annum)</b>	<b>Chairperson's Premium (RM per annum)</b>	<b>Meeting Fees (RM per meeting)</b>
Board	Chairperson#*	170,000	510,000	5,000
	Member#	170,000	N/A	5,000

Board Committees	Chairperson	N/A	100,000	5,000
	Member	N/A	N/A	5,000

Notes:

# All Board members (excluding CIMB's Executive Director and any Director who serves as an Executive elsewhere) are eligible to medical benefits i.e., outpatient and dental, hospitalisation, and executive health screening.

\* Chairperson also receives benefits-in-kind which include, car maintenance, petrol and toll cards, personal driver, leave passage, corporate club membership fees, mobile phone and bill, personal bodyguard and security guard.

The Directors are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The details of the remuneration of each Director received/receivable and the insurance premium are disclosed under Notes of the Financial Statement 2022.

### **Employee Remuneration Policy**

The CIMB Group Remuneration Policy, which has been reviewed by the GNRC and approved by the Board, applies to all subsidiaries and overseas offices within CIMB and acts as a guiding principle in relation to the design and management of CIMB's remuneration programmes. Three key principles of CIMB's Remuneration Policy are as follows:

Principle	Purpose	Approach
Strong governance	To ensure strong and independent oversight of the remuneration system	<ul style="list-style-type: none"> <li>• Oversight and review by GNRC</li> <li>• Guided by input from control functions, AC and BRCC</li> </ul>
Appropriate assessment of performance	To support a performance based culture which promotes prudent risk-taking and long-term sustainability	<ul style="list-style-type: none"> <li>• Performance measurement through balanced scorecard which includes both financial and non-financial goals, short-term and long-term perspectives and incorporates measures related to risk, compliance and process controls.</li> <li>• Financial goals include profitability and return on equity (ROE). Additional risk-adjusted metrics such as risk-adjusted return on capital (RAROC) are also measured and tracked.</li> <li>• Deferral, malus and clawback arrangements in variable remuneration schemes.</li> </ul>
Market competitiveness	To offer rewards that allow CIMB to attract, motivate and retain the right talent	<ul style="list-style-type: none"> <li>• Benchmarking against similar organisations in the geographies and industries in which CIMB operate.</li> </ul>

### **Components of Remuneration**

Employee remuneration is composed of two main components – fixed and variable:

Components	Composition	Purpose and Approach
Fixed	Consists of base salary and fixed allowances	<ul style="list-style-type: none"> <li>Determined based on skills, competencies, responsibilities and performance of the employee, taking into consideration market competitive levels.</li> </ul>
Variable	Payable through annual cash bonus and share-based plans (through participation in the Equity Ownership Plan and/or Long Term Incentive Plan, as described below)	<ul style="list-style-type: none"> <li>Purpose of motivating, rewarding and retaining high performing employees who generate shareholder value and contribute to the success of the Group.</li> <li>Performance-based and not guaranteed, reflecting the individual employee's performance, and business unit or function performance as well as the Group's results.</li> <li>Portions of cash bonus may be subject to deferral.</li> <li>Based on a selection criterion, shares and/or share options may be awarded to employees through participation in the Group's Equity Ownership Plan and/or Long Term Incentive Plan.</li> </ul>

The Equity Ownership Plan (EOP) and Long Term Incentive Plan (LTIP) serves as the Group's share-based plans, with the intent of:

- aligning the interests of key personnel to that of shareholders;
- mitigating a short-term mindset and cultivating a focus towards long-term sustainability; and
- retaining key personnel with the Group.

Shares under EOP are released progressively to the participants over three (3) years. Over the last five (5) years, 58 million shares (0.5% of issued ordinary shares of the Group) have been transferred to senior management employees via EOP.

The LTIP is a 7-year plan where shares and share options are vested in 2024 and 2025, and are subject to performance conditions set in line with the Group's strategy and targets. Since implementation in FYE 2021, LTIP grants consisting of shares and share options (2.3% of issued ordinary shares) were awarded to top executives and key leaders of the Group, as disclosed in the financial statements.

Any deferred variable remuneration (cash bonus, shares and/or share options) that has been awarded to employees (whether paid and/or vested, or unpaid and/or unvested) is subject to forfeiture, adjustment or clawback in the event of:

- Resignation or cessation of employment with the Group
- Misconduct
- Material restatement of financial results
- Breach of statutory or fiduciary duties
- Material adverse impact to reputation or interest of the Group

The mean annual compensation of all employees (excluding Group CEO) is broadly RM160,000. The ratio between the total annual compensation of the Group CEO and the mean annual compensation of all employees (excluding Group CEO) is 46.

## **Measurement of Performance**

The Group's performance is determined in accordance with a balanced scorecard which includes key measures on profitability, cost, capital, medium to long-term strategic initiatives, sustainability performance and initiatives, as well as risk, audit and compliance positions. Additional risk-adjusted metrics such as RAROC are also measured and tracked.

The Group's key measures are cascaded to the collective scorecards of business units and enabler functions accordingly and subsequently to individual goals.

For each employee, performance is tracked through a set of balanced goals. In addition to financial targets, goals in the scorecard usually include measures on customer experience, long-term initiatives (where progress of milestones or ROI may be monitored), risk management and process controls, audit and compliance findings, as well as people-related measures. At the end of the year, performance of each individual is then assessed through the Group's performance management framework which is based on the meeting of individual goals in the scorecard and qualitative feedback.

For the Group CEO, performance is likewise measured through a scorecard which covers measures on ROE, cost, risk and controls, customer experience and strategic initiatives – the assessment of the scorecard forms the basis of the Group CEO's variable compensation.

## **Determination of Variable Remuneration**

Based on CIMB's performance, the GNRC will determine the overall variable remuneration pool taking into consideration key performance measures in the corporate scorecard and ensuring that CIMB does not pay variable remuneration at a level that would affect shareholders' interest. The GNRC has the discretion to adjust the pool where required, based on poor performance, capital requirements, economic conditions, competitive landscape and retention needs.

The Group pool will be allocated to the business units and functions based on their respective performance, measured through balanced collective scorecards and guided by the Group CEO. The allocation will also take into consideration inputs from the control functions such as Audit, Compliance and Risk.

Variable remuneration of each individual employee is then determined based on individual assessment and collective scorecard performance of the business unit/function to which the individual belongs, subject to adequacy of the allocated bonus pool. Variable remuneration of the individual may also be adjusted based on accountability of audit and compliance findings, or disciplinary action.

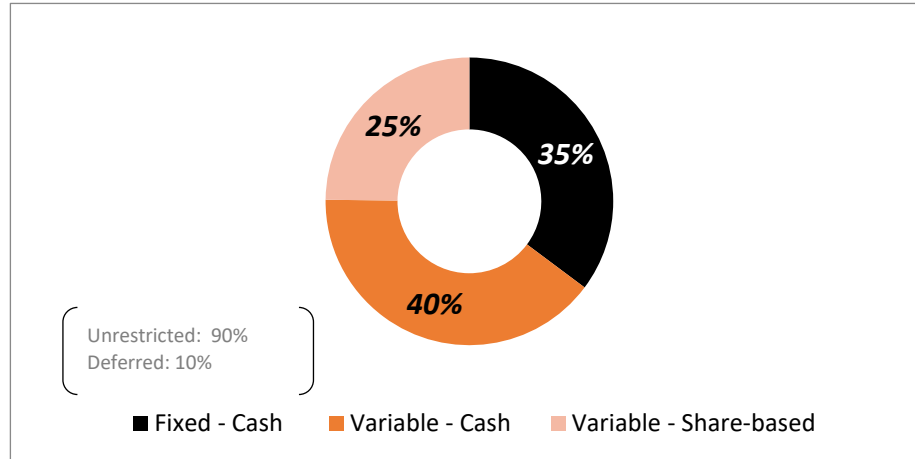
The control functions of Audit, Compliance and Risk operate independently from the business units in CIMB, and have appropriate authority to carry out their individual functions without intervention from the business units. To prevent conflict of interest, remuneration of employees in these control functions are not dictated by business units that they support. Remuneration of the Group Chief Risk Officer, Group Chief Legal & Compliance Officer and the Group Chief Internal Auditor are determined and approved by the BRCC and the AC.

## SENIOR OFFICERS AND MATERIAL RISK TAKERS

### Summary of 2022 Remuneration Outcome

Breakdown of remuneration awarded to Senior Officers and Material Risk Takers for 2022:

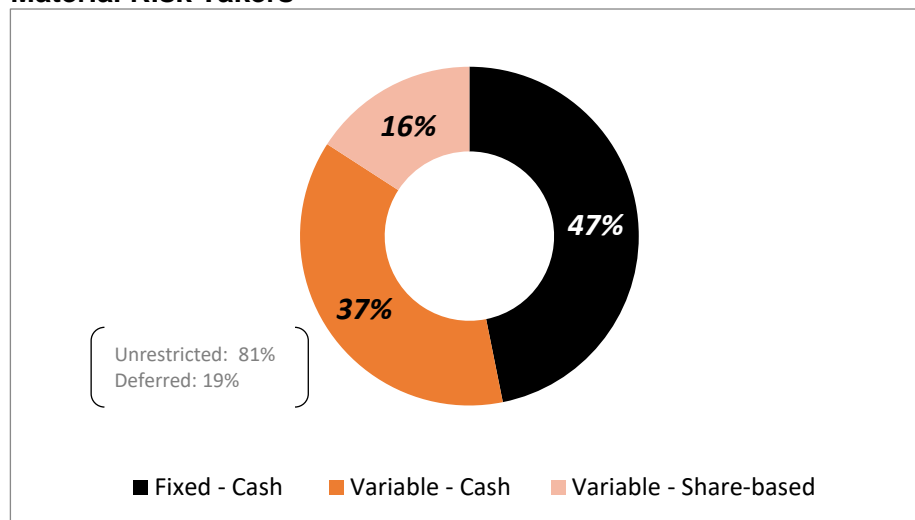
#### Senior Officers



Senior Officers (SOs) of the Group are defined as the Group CEO, Executive Directors and members of the Group Executive Committee (GEXCO) and key direct reports of the Group CEO.

Total remuneration awarded to 19 SOs for the FYE 2022 was RM107.4 million (included in this remuneration the allocation of LTIP attributed to 2022).

#### Material Risk Takers



Material Risk Takers (MRTs) are defined as senior management and employees whose responsibilities have a material impact on the Group's performance and risk profile, and employees whose responsibilities require them to take on material risk exposures on behalf of the Group.

Total remuneration awarded to 57 MRTs for the FYE 2022 was RM167.7 million (included in this remuneration the allocation of LTIP attributed to 2022).

LTIP awarded to SOs and MRTs in 2022 amounted to 2.2 million shares and 10.1 million share options (0.1% of issued ordinary shares).

Variable compensation of the Group CEO and senior leaders is made up of short term bonus and long term incentives, and at least 40% of this variable compensation is deferred, comprising a mix of shares/share options and cash. In 2022, the portion of long term incentives (shares and share options) for the Group CEO is more than 40% of his variable compensation. The balance of his variable compensation, which is the short term bonus, is payable in cash without deferral.

## Quantitative Disclosures for 2022

**Table 1: Guaranteed Bonuses, Sign-on Bonuses and Severance Payments**

Category	SOs (RM'000)	MRTs (RM'000)
Number of guaranteed bonuses	-	-
Number of sign-on bonuses	1	-
Number of severance payments	-	-
Total amount of above payments made during the FYE 2022	1,000	-

**Table 2: Breakdown of Deferred Remuneration**

Category	SOs (RM'000)	MRTs (RM'000)
Total amount of outstanding deferred remuneration		
• Cash	6,239	22,704
• Shares	50,551	53,343
Total amount of deferred remuneration paid out during the financial year		
• Cash	1,146	1,294
• Shares	11,588	16,895
Outstanding deferred remuneration (performance adjustments):		
• Of which exposed to ex-post adjustments	100%	100%
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-
Outstanding retained remuneration (performance adjustments):		
• Of which exposed to ex-post adjustments	-	-
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-
• Examples of explicit ex-post adjustments include malus, clawbacks or similar reversals or downward revaluations of awards.		

- Examples of implicit ex-post adjustments include fluctuations in the value of shares or performance units.

**Table 3: Breakdown of Group CEO's Remuneration**

Name	Category	Cash (RM'000)	Shares (RM'000)	Other Emoluments <sup>2</sup> (RM'000)	Total (RM'000)
Dato' Abdul Rahman Ahmad	Fixed remuneration	2,700	-	557	3,257
	Variable remuneration				
	• Non-deferred	3,720	-	446	4,166
	• Deferred	-	- <sup>1</sup>	-	-
	Total remuneration award for FYE 2022	6,420	- <sup>1</sup>	1,003	7,423

Deferred variable and conditional award under the Group's Long Term Incentive Plan (for alignment with long term performance, as described earlier)

Allocation attributed to 2022 : 272,000 performance shares  
3,727,600 share options

These are vested over 2024 and 2025, and are subject to the following conditions:

Performance shares - meeting ROE targets  
Share options - exercise price of RM4.96

<sup>1</sup> Deferred compensation in shares was awarded in the form of LTIP (as shown above), and the value of the LTIP awards are not shown here as they are only vested in 2024 and 2025.

<sup>2</sup> Other emoluments include EPF contributions and benefits-in-kind

The following table summarises the Group CEO's shareholdings as at 31 December 2022:

Name	Shares held Beneficially (Units)	Unvested EOP Shares not subject to Performance Measures (Units)	Total Shares (Units)	Value of Shares (as at 31 December 2022) as a Percentage of Annual Salary	Unvested LTIP Shares and Share Options subject to Performance Measures (Units)
Dato' Abdul Rahman Ahmad	13,679	22,548	36,227	8%	816,000 (performance shares) 11,183,000 (share option)

Taking into consideration the value of unvested LTIP awards (share options and shares which are subject to performance conditions as disclosed in the financial statements), the shareholdings of the Group CEO as at 31 December 2022 is 396% of annual salary.