



Voting Guidelines for Investee Companies Held by Public Mutual's Unit Trust And Private Retirement Scheme (PRS) Funds

1. Voting Policy

- 1.1** Public Mutual is cognisant of the responsibility accorded to institutional investors to exercise their shareholder voting rights to ensure investee companies uphold good standards of corporate governance, which ultimately enhances long-term shareholder value. Proxy voting is viewed as an integral part of the corporate governance review and engagement process.
- 1.2** Proxy voting will be implemented for investee companies that are listed on Bursa Malaysia which Public Mutual's unit trust and Private Retirement Scheme (PRS) funds have significant aggregate holdings or when material agendas / resolutions are presented.
- 1.3** In general, we will vote FOR resolutions that are tabled at annual general meetings (AGMs), extraordinary general meeting (EGMs) and other shareholders' meetings of the investee companies when the following criteria are fulfilled:
 - a) The resolutions tabled are deemed to benefit the investee company and its minority shareholders;
 - b) The resolutions tabled are deemed to have no adverse effect on sustainability and/or environmental, social and governance practices of the company;
 - c) The resolutions tabled are deemed to be in line with the government's policies, rules and/or regulations; and
 - d) There is adequate disclosure of material information relating to the resolutions tabled.

We may vote AGAINST resolutions that do not meet one or more of the abovementioned criteria.

2. Voting Guidelines

Investee companies are encouraged to adopt good corporate governance policies in accordance with Bursa Malaysia's Listing Requirements and the Malaysian Code of Corporate Governance (MCCG).

(1) BOARD MATTERS

- The board of directors has the ultimate responsibility to ensure the long-term success of the company through good corporate governance practices. Accordingly, the board should comprise of directors who are able to fulfil their oversight responsibilities.
- To fulfil the oversight responsibilities, the composition of an effective board should comprise a balance of independent and non-independent directors with an appropriate mix of gender, skills and knowledge that meets the company's objectives and strategic goals.
- The separation of roles of Board Chairman, Chief Executive Officer and Board Committee members will promote accountability and facilitate the division of responsibilities.

Public Mutual may vote AGAINST the resolutions tabled in the following circumstances:

(A) Re-election of directors

The re-election of a director who:

- i. possesses adverse reputation and track record;
- ii. has not attended the required number of board meetings;
- iii. is a person linked with the executive powers or is an active politician; or
- iv. is involved in activities that may be deemed as corrupt practices under the Malaysian Anti-Corruption Commission (MACC) Act 2009 and the MACC (Amendment) Act 2018.

(B) Board independence

- i. The re-appointment of an independent director who has served on the board for a cumulative term of more than 9 years.
- ii. If the board does not consist of at least 50% independent directors, the re-appointment of:
 - a) non-independent directors; and
 - b) the director who is the Chairman of the Nomination Committee.

(C) Board diversity

If the board does not consist of at least 30% female directors, the re-appointment of:

- i. male non-executive directors; and
- ii. the director who is the Chairman of the Nomination Committee.

(2) BOARD COMMITTEES

To discharge their respective responsibilities without conflict of interest and facilitate independent decision making, the Audit, Nomination and Remuneration Committees should comprise a majority of independent directors.

Public Mutual may vote AGAINST the resolutions tabled in the following circumstances:

(A) If the Audit Committee or the Remuneration Committee does not comprise a majority of independent directors, the re-appointment of:

- i. the Chairman of the board;
- ii. the director who is the Chairman of the Nomination Committee; and
- iii. non-independent directors who are members of these Committees.

(B) If the Nomination Committee is not chaired by an independent director, the re-appointment of:

- i. the Chairman of the board; and
- ii. the director who is the Chairman of this Committee.

(C) If the investee companies propose payment of directors' remuneration which is not in line with the company's financial performance, the re-appointment of:

- i. the Chairman of the board; and
- ii. the director who is the Chairman of the Remuneration Committee.

(3) DIRECTORS' REMUNERATION

The Remuneration Committee should ensure that the total remuneration payable to directors shall be commensurate with the level of responsibilities of the directors and be in line with the investee company's financial performance.

Public Mutual may vote AGAINST the resolution for the payment of directors' remuneration which is not in line with the company's financial performance.

(4) CAPITAL STRUCTURE

New share issuances, Employee Share Options Scheme (ESOS) and share buy-backs should be in the best interest of investee companies and not significantly dilute minority shareholders' interests.

Public Mutual may vote AGAINST the resolutions tabled in the following circumstances:

(A) Authority to Allot and Issue Shares / Private Placement

If the investee companies propose the following:

- i. the issuance of shares which exceeds 10% of the company's paid-up capital;
- ii. the proposed utilisation of funds from the proposed share placement is deemed not to benefit the company or the proposed utilisation of funds is not clear; or
- iii. the share issue price is deemed to be unfair for minority shareholders.

(B) ESOS

If investee companies propose ESOS with the following:

- i. the total ESOS issue exceeds 10% of the company's paid-up capital;
- ii. the share issue price under the ESOS is deemed to be unfair for minority shareholders; or
- iii. the allocation of ESOS to Non-Executive Directors.

(C) Share Buy-Back

If the investee companies:

- i. do not have a track record of good dividend payments;
- ii. have a high gearing ratio; or
- iii. the proposed share buyback is deemed untimely.

(5) CORPORATE TRANSACTIONS

In general, we will support corporate transactions that are made on commercial terms and at arm's-length basis that will benefit the investee company over the long run.

Public Mutual may vote AGAINST the resolutions tabled in the following circumstances:

(A) Related Party Transactions (RPTs)

If the proposed RPTs are materially dilutive to minority shareholders or there is a lack of adequate information.

(B) Corporate Exercises which include Acquisitions, Mergers and Divestments of Assets

If adequate information of the corporate exercises is not provided to shareholders or the corporate exercises are deemed not to benefit minority shareholders.

(6) DIVIDEND PAYMENTS

Investee companies should disclose their dividend policy. We may engage with investee companies if the dividend payout is not in line with the company's financial position.

(7) APPOINTMENT OF EXTERNAL AUDITORS

External auditors should be competent, objective and independent to ensure the quality and reliability of the investee companies' audited financial statements.

Public Mutual may vote AGAINST the appointment or reappointment of auditors if the integrity/reputation of the auditors is in doubt or no explanation is provided for the proposed change of auditors.