

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5041
COMPANY NAME : PBA HOLDINGS BHD
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The PBA Group of Companies ("Group") is led by the Board of Directors ("Board") who have a wide range of competencies and experience ranging from the accounting, technical, business, legal and public service sectors.</p> <p>The Board strives to ensure that the Company's strategic objectives set are well conveyed throughout the Company in order to achieve the Company's short and long term goals as a fundamental part of discharging its responsibilities to protect and create value for all stakeholders and raise the Company's performance. The Board is guided by the prevailing legal and regulatory requirements such as the Companies Act 2016 ("Act"), the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("MMLR"), the Malaysian Code on Corporate Governance ("MCCG" or the "Code"), as well as the Company's Constitution and Board Charter in discharging its fiduciary duties and responsibilities effectively. The Board has ensured that it had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Company.</p> <p>The Board had objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company.</p> <p>Presently, the Board comprises only Non-Executive Directors and their role is to provide constructive challenge, strategic guidance, offer specialist advice and hold the Management to monitor and account in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with the Management at all levels and they engage with the external and internal auditors to address matters concerning the Management. They will monitor the business performance of Management against the Company's objectives and targets.</p>

To enable the Board to carry out its responsibilities in meeting the Company's goals and objectives, the Board had, among others carried out the following as guided by the Board Charter: -

- a) To develop, monitor and review the Group's strategic plan to ensure that sufficient resources are available or have been allocated to meet its objectives;
- b) To ensure the Group's core values, vision and mission, and shareholders' interests are met;
- c) To supervise the operations of the Group and evaluate whether established targets are achieved;
- d) To identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- e) To promote better investor relations and shareholder communication;
- f) To review the adequacy and the integrity of the Group's internal control systems including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- g) To set up such committees, policies and procedures to effectively discharge the Board's roles and responsibilities;
- h) To initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for Directors to attend courses, seminars, and participate in development programs as the Board judges appropriate;
- i) To ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility; and
- j) To monitor compliance with all relevant statutory and legal obligations.

The Board delegates the ordinary Management of the Group's business to the Chief Executive Officer ("CEO") and Management Committee of Division Heads and Heads of Department. Management's performance was assessed by the Board through the quarterly reports which were tabled to the Board. The reports included a comprehensive summary of the Company's risks and financial performance during each reporting period. The Board is also kept informed of the key strategic initiatives, significant operational issues, and the Company's performance based on the approved Key Performance Indicators ("KPIs").

In order to ensure the effective discharge of its functions and responsibilities to oversee the Company's affairs, specific powers of the Board were delegated to the related Board Committees and CEO. The Board Committees consist of the Audit and Risk Management Committee ("ARMC"), the Nomination and Remuneration Committee ("NRC"), and the Integrity Committee ("IC").

The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs with the authority to act on behalf of the Board in accordance with their respective terms of reference. Although specific powers are delegated to the Board Committees, the Board

	<p>keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairpersons of the Board Committees.</p> <p>However, significant matters such as approval of financial results, declaration of dividends, risk appetite setting, short-term and medium-term business plans/policies, annual budget and appointment of key responsible persons are reserved for the Board's consideration and approval.</p> <p>The Board is committed to maintaining a good risk management framework and sound system of internal control within the Group.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman leads the Board in ensuring its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group.</p> <p>The Chairman is also responsible for: -</p> <ul style="list-style-type: none"> a) Providing leadership to the Board so that the Board can perform its responsibilities effectively; b) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner; c) Conducting the Board's functions and meetings by leading board meetings and discussions; d) Overseeing the effective discharge of the Board's supervisory role; e) Facilitating the effective contribution of all Directors and encouraging active participation and allowing dissenting views to be freely expressed; f) Briefing all the Directors in relation to issues arising at meetings; g) Promoting constructive and respectful relations between Board members, and between the Board and the Management; h) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and i) Leading the Board in establishing and monitoring good corporate governance practices in the Company.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the Code, there is a clear division of responsibilities between the Chairman and CEO. The positions of the Chairman and CEO are held by two (2) different individuals to promote accountability and facilitate the division of responsibilities between them. In this regard, no one individual can influence the Board's discussions and decision-making.</p> <p>Generally, the Chairman is responsible for leading the Board to ensure its effectiveness and integrity and the entrenchment of good corporate governance practices within the Group, while the CEO focuses on the business and day-to-day management of the Company, to ensure implementation of policies and strategies approved by the Board and to communicate to the Board on matters pertaining to the business results and performance of the Group. The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, and are clearly defined in the Board Charter.</p> <p>The CEO is responsible for the operations of the Group with respect to both its regulatory and commercial functions. Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. ("PBAPP"), is a subsidiary of the Company, whose principal activity is to undertake the business activity of a water supply system which comprises the abstraction of raw water, treatment of water, supply and sale of treated water to consumers in Penang. PBAPP is subject to the Suruhanjaya Perkhidmatan Air Negara ("SPAN") rules and regulations on water matters.</p> <p>The CEO holds an executive post and not being a member of the Board, has significant responsibilities to run the business based on the strategic plans and ensure the conduct of the business and procedures are properly executed. The CEO presents to the Board, the recommended strategies, proposed business plans, and budgets at a dedicated session which includes KPIs. The Board would give its feedback on focus areas, key initiatives, and service/product roadmaps in the preparation of Key Action Plans.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Chairman is neither a member of the ARMC nor the NRC.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Company Secretaries acted as corporate governance guides to assist them in the furtherance of their duties and ensured effective functioning in accordance with the Company's Constitution, Terms of Reference ("TOR") and best practices in managing the corporate governance framework of the Company. The Company Secretaries also advised the Directors on their fiduciary and statutory duties, as well as compliance with company law, the MMLR, the Company's Constitution, the Code, and other pertinent regulations governing the Company, including guiding the Board towards the necessary compliance.</p> <p>The Company Secretaries, or their representatives, had during the year:</p> <ol style="list-style-type: none">1. Together with Management, managed all Board and Board Committees meetings of the Company;2. Attended and recorded minutes of all Board, ARMC, and NRC meetings and facilitated Board and Board Committees' communications;3. Ensuring that the appointment of director(s) to the Board and/or Board Committees are properly made in accordance with the Company's Constitution, TOR, MMLR, and relevant statutory regulations;4. Advised the Board on the proceeding of meetings, providing adequate/additional information on an ongoing basis to enable them to make informed decisions;5. Briefed the Board on the latest updates and guidance issued by Bursa Malaysia Securities Berhad, the Act and the Securities Commission Malaysia;6. Facilitated the conduct of annual assessments undertaken by the Board and Board Committees, compiled and tabled the results of the assessments to the Board Committees and Board for their review; and7. Managed processes of the Twenty-third ("23rd") Annual General Meeting ("AGM"). <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its function and duties.</p>

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

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least seven (7) days before the Board meeting. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board meeting. There is a process in place for Non-Executive Directors to seek clarification or obtain details concerning the Board agenda papers from the Management or the Company Secretaries or seek independent professional advice. Confidential papers or urgent proposals were presented and tabled at the Board meetings under a supplementary agenda.</p> <p>The Board meeting papers are prepared and presented in a concise and comprehensive manner so that the Directors had a proper and relevant depiction of the issues at hand in order that the Board deliberations and decision-making are performed systematically and in a well-informed manner.</p> <p>The Minutes of the Board/Board Committee meetings are circulated to the respective Chairman or Chairpersons in a timely manner for review before these minutes are confirmed. All Board members reviewed and confirmed the meeting minutes to ensure they accurately reflected the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberation on a particular matter.</p> <p>The Board had access to reports, papers on specific issues, and information on major financial and operational matters. Management supplied sufficient information to the Board in a timely manner to enable the Board to perform its duties effectively. The Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request for further explanation, information, or updates on any aspect of the Company's operations or business concerns.</p> <p>In this way, the Board had full access to all information on the Company's affairs to enable the proper discharge of duties.</p>

	In addition, the Board/Board Committees may seek independent professional advice at the Company's expense on specific issues to enable the members of the Board/Board Committees to discharge their duties in relation to matters being deliberated in accordance with the Board Charter or the respective TOR of the Board Committees.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Board Charter that is in line with the MCCG. The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual directors, and Management, as well as issues and decisions reserved for the Board, the Board's governance structure and authority, and terms of reference of the Board, Board Committees, and Management. The updated Board Charter is available on the Company's website https://pbahb.com.my.</p> <p>As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and authorities to three (3) of its Board Committees, namely, the ARMC, NRC and IC. These Committees are entrusted with specific responsibilities to assist the Board in overseeing the Company's affairs, in accordance with their limits of authority and respective TOR. These TOR are reviewed from time to time as and when required. The Board kept itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the reports made by the respective Board Committee Chairpersons, at Board meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Code of Conduct for the Directors, Management, and employees of the Company and its subsidiaries. The Code of Conduct provides the guidance to all employees of the Company in the aspect of conflicts of interest, gifts and hospitality, integrity and professionalism, public statements and confidentiality, protection, and use of the Group's assets or property, reporting illegal or non-compliant conduct, compliance with laws and regulations, violation of the Code of Conduct and consequences of non-compliance with the Code of Conduct.</p> <p>The Code of Conduct and Ethics is available on the Company's website at https://pbahb.com.my.</p> <p>The Group has adopted a policy pertaining to integrity and the Group's anti-bribery practice and the said policy is published on the Company's website. Employees are made aware that relevant disciplinary action will be taken for unethical behaviour and misconduct.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Whistleblowing Policy. The Whistleblowing Policy is an essential part of the Group's internal control system setting out a framework for all employees and stakeholders of the Group to report any concern about any malpractice within the Group. It also helps to nurture a good organisational culture within the Group and develops a culture of openness, transparency, accountability, and integrity, which ultimately formulates standards of corporate behaviour creating an ethical corporate climate.</p> <p>In addition to the above and in order to improve the overall organisational effectiveness and to uphold the integrity of the Company in the eyes of the public, whilst at the same time being an entity that serves the interest of the nation, the Company has instituted the whistleblowing program which acts as a formal communication channel and the staff can communicate concerns in cases where the Company's business conduct is deemed to be contrary to the Company's common values. Details of the said Whistleblowing Policy are set out in this Annual Report. The Whistleblowing Policy is available on the Company's website at https://pbahb.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Senior Management drives the strategic management of the Company’s sustainability matters. They plan and implement long-term strategic plans to guarantee Penang’s water supply security in the future, such as the three (3) years’ business plan etc. The Board and Management continuously engage and consider the views of its stakeholders to better understand and manage the Company’s sustainability risks and opportunities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	PBAHB regularly releases press statements to inform the public and shareholders of its business priorities, strategies and targets. Material sustainability matters and its long-term plans are also disclosed in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is kept abreast by Senior Management on the Group’s sustainability matters and strategic plans to ensure long-term business sustainability. This gives them an understanding of the business risks and opportunities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>During its annual assessment, the Board reviewed its performance in addressing the Company’s material sustainability risks and opportunities.</p> <p>A Sustainability Steering Committee (formerly known as the Sustainability Committee) was established in 2018. It is led by the CEO. The Committee discusses sustainability matters, stakeholders’ expectations and the prioritization of sustainability matters. In 2023, Sustainability Key Performance Indicators (KPIs) have been established. The KPIs are established to monitor and measure the achievement of targets set.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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.

Application	:	Adopted
Explanation on adoption of the practice	:	A senior manager is appointed to spearhead sustainability programmes at PBAHB. For further information, kindly refer to the PBAHB Sustainability Statement 2023 in the Annual Report and on the Company's website https://pbahb.com.my/ .

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC conducted an annual assessment of the effectiveness of the Board as a whole and the various Board Committees. Based on the assessment of Board effectiveness as a whole, it was concluded that the Board and Board Committees have discharged their duties and responsibilities adequately.</p> <p>The NRC conducted an annual assessment of the Independent and Non-Executive Directors and made its recommendations to the Board. The Board was satisfied with the level of independence demonstrated by each of the Independent and Non-Executive Directors of the Company.</p> <p>The NRC reviewed and recommended the re-election of directors who are to retire by rotation at the 23rd AGM of the Company. The NRC reviewed the suitability of the directors who are seeking re-election by assessing whether they met the criteria of character, integrity, reputation, competence, experience, and time commitment to effectively discharge their respective roles as directors.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently consists of twelve (12) Board members, all holding non-executive positions, of which four (4) are Independent and Non-Executive Directors. This complies with the Company's Constitution, where the number of directors shall not be less than two (2) nor (unless otherwise determined by the Company at the General Meeting) more than 17. The Board also complies with paragraph 15.02 of the MMLR which requires at least two (2) Directors or 1/3 of the Board of the Company, whichever is higher, to be independent directors.</p> <p>The Board is of the view that the number of Independent Non-Executive Board members with wide Boardroom experience and expertise is sufficient to provide independent objectivity and added perspectives to the Board's decision-making process.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board took note of the MCCG's Practice 5.2 which provides that at least half of the Board should comprise Independent Directors. However, the Board has no plan to increase the number of Independent Directors in the Company at this juncture in view of the fact that all the Board members are holding non-executive positions.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Our Senior Independent Director, YBhg. Dato' Agatha Foo Tet Sin ("YBhg. Dato' Agatha") has been serving the Board for a cumulative term of more than twelve (12) years since 9 June 2009.</p> <p>The Board, upon recommendation of the NRC, has recognised her wise counsel, deliberation and independent advice to the Board and its Board Committees during the meetings and approved to retain YBhg. Dato' Agatha as the Director of the Company by way of re-designated her as a Non-Independent and Non-Executive Director with effect from 1 June 2023. YBhg. Dato' Agatha remains as a member of the ARMC and the NRC.</p> <p>The current Senior Independent and Non-Executive Director, Puan Mary Phipps has been serving on the Board for more than nine (9) years. The Board will seek the shareholders' approval to retain Puan Mary Phipps as an Independent Non-Executive Director of the Company. This will be conducted through a two-tier voting process at the forthcoming AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - 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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Directors' Fit and Proper Policy which sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered to for the appointment, re-appointment and re-election of Directors. The said policy is published on the Company's website https://pbahb.com.my. The Board is assisted by the NRC in discharging its responsibilities by overseeing the selection and assessment of Directors to ensure that the Boards' composition has an appropriate mix of skills, experience, knowledge, age and gender.</p> <p>Generally, the Board through the NRC, will assess the candidate for proposed directorship by considering their character and integrity, competence and capability, time and commitment (fit and proper criteria), and other factors that will best qualify a nominee to serve on the Board.</p> <p>This helps to ensure an appropriate balance between the experienced perspectives of the long-term Directors and new perspectives that bring fresh insights to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied	
Explanation on application of the practice	:	There is a formal and transparent procedure for the appointment of new Directors to the Board, the primary responsibility of which is delegated to the NRC, with the membership comprising exclusively, Non-Executive Directors, the majority of whom are independent. This composition of only Non-Executive Directors with the majority as Independent and Non-Executive Directors in the Committee ensures that any decisions made are impartial and in the best interest of the Group, without any element of fear or favour.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied	
Explanation on application of the practice	:	The profiles of the retiring directors are disclosed in the Annual Report of the Company and the justifications for the NRC and Board to determine the eligibility for the retiring directors to stand for re-election is also disclosed in the explanatory notice of the Notice of AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.8

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Currently, the Chairman of the NRC is YB Dato' Dr. Mohamad bin Abdul Hamid, who is a Non-Independent and Non-Executive Director. YB Dato' Dr. Mohamad is also the Chairman of the Establishment Committee and Disciplinary Appeal Board of its wholly-owned subsidiary, PBAPP. Hence, he is familiar with the staffing issues in the Group. The Board is satisfied with the composition of the NRC and confident that this Committee discharges its functions efficiently and effectively with respect to the nomination and remuneration matters.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	The Company has four (4) women Directors, which represent 33% of the Board. Currently, the women directors in the Board are: - <ul style="list-style-type: none">• YB Dato' Zabidah binti Safar (Non-Independent and Non-Executive Director)• YBhg. Dato' Agatha Foo Tet Sin (Non-Independent and Non-Executive Director)• Puan Mary Geraldine Phipps (Senior Independent and Non-Executive Director)• Cik Lim Kim Suan (Independent and Non-Executive Director)
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not adopt a policy on gender diversity for the Board and senior management but it meets the recommendation of MCCG by having more than 30% of women directors on the Board. Please refer to Explanation note for Practice 5.9	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: During the financial year 2023, the NRC conducted an annual assessment of the effectiveness of the Board as a whole and the various Board Committees. Based on the assessment of Board effectiveness as a whole, it was concluded that the Board and Board Committees have discharged their duties and responsibilities adequately. The Board will consider engaging a professional, experienced and independent party to lend greater objectivity to the assessments as and when required.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company’s website.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>None of the Directors received any basic salary or bonus, as all the Directors are Non-Executive Directors. The Company only paid fixed monthly and meeting allowances to the Directors.</p> <p>The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors’ Remuneration on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company.</p> <p>Senior Management remuneration packages are subject to review and approval by the Board, based on the recommendation of the NRC.</p> <p>The Non-Executive Directors are remunerated based on the allowances and benefits approved by the shareholders during each AGM as required by Section 230 of the Act and Paragraph 7.24 of the MMLR.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In 2016, the Nomination Committee and Remuneration Committee were merged and reconstituted as a single committee known as the Nomination and Remuneration Committee ("NRC").</p> <p>The NRC comprises seven (7) Non-Executive Directors, the majority of whom are Independent and Non-Executive Directors.</p> <p>The Terms of Reference ("TOR") of the NRC is available on the Company's website https://pbahb.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied																												
Explanation on application of the practice	:	<p>The present remuneration structure for the Non-Executive Directors as approved by the Board is as follows: -</p> <table border="1"><thead><tr><th rowspan="3"></th><th colspan="4">Description</th></tr><tr><th colspan="2">Monthly fixed allowance (RM)</th><th colspan="2">Meeting allowance (RM) (per meeting)</th></tr><tr><th>Company</th><th>Subsidiaries</th><th>Company</th><th>Subsidiaries</th></tr></thead><tbody><tr><td>Chairman</td><td>3,000</td><td>3,000</td><td>300</td><td>300</td></tr><tr><td>Deputy Chairman</td><td>1,500</td><td>1,500</td><td>300</td><td>300</td></tr><tr><td>Non-Executive Directors</td><td>1,000 – 1,500</td><td>1,000</td><td>300</td><td>300</td></tr></tbody></table> <p>As required by Section 230 of the Act, the payment of the Directors' benefits up to an amount of RM550,000 for the period from 28 June 2023 until the conclusion of the upcoming twenty-fourth (24th) AGM has been presented to the shareholders and duly approved by them at the 23rd AGM held on 27 June 2023.</p> <p>Kindly refer to the Corporate Governance Overview Statement in the Annual Report on the Company's website https://pbahb.com.my for the breakdown of the Directors' allowances paid in 2023.</p>		Description				Monthly fixed allowance (RM)		Meeting allowance (RM) (per meeting)		Company	Subsidiaries	Company	Subsidiaries	Chairman	3,000	3,000	300	300	Deputy Chairman	1,500	1,500	300	300	Non-Executive Directors	1,000 – 1,500	1,000	300	300
	Description																													
	Monthly fixed allowance (RM)			Meeting allowance (RM) (per meeting)																										
	Company	Subsidiaries	Company	Subsidiaries																										
Chairman	3,000	3,000	300	300																										
Deputy Chairman	1,500	1,500	300	300																										
Non-Executive Directors	1,000 – 1,500	1,000	300	300																										

Intended Outcome

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

Practice 8.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board has identified the top three (3) Senior Management of the Company as Pivotal Positions, of which their appointment falls under the purview of the NRC and the Board. They are the CEO, COO and the CFO. The other Senior Management positions are the two (2) heads of divisions of Human Resource and Corporate Affairs.</p> <p>The Board has opted not to disclose on a named basis the top five (5) Senior Management's remuneration in the bands of RM50,000 for the best interest of the Group taking into consideration the sensitivity, security, and issue of staff morale.</p> <p>The Company also considered the information of the remuneration of the Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents.</p> <p>In achieving the intended outcome, the Senior Management remuneration packages are subject to review and approval by the Board on the recommendation of the NRC. The Senior Management's performance is evaluated based on the KPIs as set by the Board on a yearly basis.</p> <p>An aggregate amount of remuneration/compensation of the key Management personnel was disclosed in the Audited Financial Statements for the FY2023.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The ARMC is chaired by the Senior Independent and Non-Executive Director, Puan Mary Geraldine Phipps who is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	None of the members of the ARMC were former key audit partners of any external audit firms. The Company will ensure that the cooling off period of three (3) years is observed if and when the Company is seriously considering such a person for appointment to the ARMC. The ARMC had also reviewed and revised its TOR to include the requirement for a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC adopted policies and procedures to assess the suitability, objectivity and independence of the external auditors annually. The performance of the external auditors will be assessed and its assessment results will be tabled during the ARMC meeting for discussion and recommended to the Board for approval.</p> <p>The ARMC meets with the Group's external auditors to review the scope and adequacy of the audit process, the annual financial statements, and their audit findings. The ARMC had obtained an assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The ARMC conducted private sessions with the external auditors without Management's presence in FY2023. The ARMC also took into account the openness in communication and interaction with the audit engagement team through discussions at private meetings, which demonstrated their independence, objectivity, and professionalism. A formal and transparent relationship was established with the Group's external and internal auditors through the ARMC. The key features outlining the relationship of the ARMC with both the external and internal auditors are included in the ARMC Report furnished in the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>As promulgated by the MCCG, the ARMC should collectively possess a wide range of necessary skills to discharge its duties and that all members should also be financially literate and able to understand matters under the purview of the ARMC including the financial reporting process. The Board regards the members of the ARMC collectively possess the accounting and related financial management expertise and experience required for the ARMC to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.</p> <p>In FY2023, ARMC members have attended various conferences, seminars and trainings and all members of the ARMC are mindful of the need to continue to enhance their skills and knowledge to assist them in the discharge of their duties and they have attended relevant development and training programmes according to their individual needs to keep abreast of relevant developments in accounting and auditing standards and other relevant changes in laws and regulations and to enhance their ability in discharging their duties and responsibilities more effectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place an enhanced Enterprise- wide Risk Management ("ERM") framework has been incorporated within the Group to ensure a continuous and iterative process towards the enhancement of risk management across the Group.</p> <p>The Board is committed to maintaining a good risk management framework and sound system of internal control within the Group. The Group embedded a risk management process for the identification, evaluation, reporting, treatment, monitoring, and review of the major strategic, business and operation risks within the Group. The Board through the ARMC would obtain updates on the periodic checks on the internal control system.</p> <p>The ARMC oversees and reviews the risk management and internal controls of the Company. The ARMC reviews and endorses the risk management framework, guidelines, and other key components of risk management for implementation within the Company and throughout the Group. The ARMC also reviewed and endorsed the risk profiles of the Group. In addition, the ARMC reviewed the progress of ongoing risk management activities to identify, evaluate, monitor, and manage key risks.</p> <p>The ARMC also oversees the risk management framework of the Group, reviews the risk management policies formulated by the Management, and advises the Board on areas of high risk identified by the Group and the adequacy of compliance and controls.</p> <p>The details of the risk management are set out in the Statement of Risk Management and Internal Control ("SORMIC") in this Annual Report. The SORMIC was reviewed by the external auditors who have reported that nothing has come to their attention that had caused them to believe that the said SORMIC is inconsistent with their understanding of the process the Group has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control systems.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The details of the risk management are set out in the SORMIC in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The ARMC comprises six (6) members, all of whom are Non-Executive Directors; four (4) including the Chairperson are Independent Directors.</p> <p>The ARMC oversees and reviews the risk management and internal controls of the Company. The ARMC reviews and endorses the risk management framework, guidelines, and other key components of risk management for implementation within the Company and throughout the Group. The ARMC also reviewed and endorsed the risk profiles of the Group. In addition, the ARMC reviewed the progress of ongoing risk management activities to identify, evaluate, monitor, and manage key risks.</p>

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has an in-house internal audit function within the Group where the Head of Internal Audit, who reports directly to the ARMC, undertook an independent assessment of the internal control system on a quarterly basis and assured the ARMC that no material issue or major deficiency had been noted which would pose a high risk to the overall system of internal control under review. The role of Internal Auditors is to provide independent and objective reports on the organisation’s management, records, accounting policies, and internal control.</p> <p>The Head of Internal Audit will report his findings on the Internal Audit issues and update the ARMC on a quarterly basis for the ARMC’s decision and action taken before the ARMC Chairperson report to the Board for approval.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The IAD is headed by Dr. Shanmuga Sundaram a/l Murugason, who holds a Bachelor of Accounting Degree with Honours from Universiti Utara Malaysia (1998) and a Master Degree in Business Administration (MBA) from Universiti Sains Malaysia (2016). He received his Doctorate of Business Administration from Universiti Sains Malaysia in March, 2023. He is a Chartered Accountant registered with the MIA and also an Associate member of the Institute of Internal Auditors Malaysia (“AIIA”).</p> <p>The IAD comprises twelve (12) staff and carries out internal audit responsibilities in an unbiased manner without impairing their objectivity and independence. None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their audit.</p> <p>The audit framework of organisation is aimed to enhance and protect the organisational value of the Company by providing risk-based and objective assurance, advice and insight. The audits are performed to ascertain compliance with the established organisation policies, directives, procedures, and professional practice of Internal Auditing.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In maintaining our commitment to effectively communicate with shareholders, the Group adopted the practice of comprehensive, timely, and continuing disclosures of information to its shareholders and to the general investing public. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.</p> <p>The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the Annual Report are also governed by the MMLR.</p> <p>The Board is conscious of the importance and need to communicate with its shareholders, stakeholders, and potential investors to keep them well informed on the Group's operations and latest developments. Information disseminated to the investment community conforms to Bursa Securities' disclosure rules and regulations.</p> <p>The Company maintains a website at https://pbahb.com.my to facilitate access to pertinent information concerning the Group and its operations by the shareholders, consumers, and the public. This information includes: -</p> <ul style="list-style-type: none">▪ Quarterly Announcements▪ Annual Reports▪ Circulars to Shareholders▪ Press Statements▪ Board Charter▪ Fit and Proper Policy▪ Code of Conduct and Ethics▪ Whistleblowing Policy▪ Integrity Policy▪ Other Important Announcements

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

Intended Outcome

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

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Company is not categorised as a “Large company” and hence, has not adopted integrated reporting based on a globally recognised framework.</p> <p>However, stakeholders will still be able to make informed decisions based on the current communication framework.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The notice of the 23rd AGM of the Company held on 27 June 2023 was issued more than 28 days prior to its meeting. This is to ensure that shareholders were given sufficient time to read and consider the resolutions presented at the 23rd AGM.</p> <p>The notice of the 23rd AGM of the Company provided further explanation beyond the minimum content stipulated in the MMLR for the resolution proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make an informed decision in exercising their voting rights.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company’s AGM represents the primary platform for communication with its shareholders. The AGM provides a useful forum for shareholders to engage directly with the Board and the Management of the Company.</p> <p>All the Directors were present in the live streaming meeting to engage directly with, and be accountable to the shareholders for their stewardship of the Company.</p> <p>The Chairman provided time for the shareholders to ask questions for each agenda in the notice of the 23rd AGM, before putting a resolution to vote. The Directors, CEO, Management and external auditors were in attendance to respond to the shareholders’ queries. The Chairman also shared with the shareholders the Company’s responses to questions submitted in advance of the 23rd AGM by the Minority Shareholders Watch Group (“MSWG”).</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had conducted its voting on all resolutions at the 23rd AGM of the Company held on 27 June 2023 by electronic polling to provide a more efficient and accurate outcome of the poll results.</p> <p>The Company has appointed SS E Solution Sdn. Bhd. as the Poll Administrator to conduct the polling process and another independent scrutineer to oversee the polling process and verify the poll results.</p> <p>In light of the COVID-19 endemic, the 23rd AGM was conducted virtually. This arrangement was made to reduce the exposure of the Board and shareholders to the COVID-19 virus. The Chairman of the Board ensured that the AGM supported meaningful engagement between the Board, Senior Management and shareholders. The required infrastructure and tools were in place, and a smooth broadcast of the AGM and interactive participation by shareholders took place.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairman of the Board ensured that the AGM supports meaningful engagement between the Board, Senior Management and shareholders. The engagement was interactive and included robust discussions on the company's financial and non-financial performance as well as the long-term strategies. Shareholders were provided with sufficient opportunity to pose questions during the AGM and questions and receive a meaningful response. The required infrastructure and tools were in place, and a smooth broadcast of the AGM and interactive participation by shareholders took place.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	In light of the COVID-19 endemic, the 23 rd AGM was conducted virtually. This arrangement was made to reduce the exposure of the Board and shareholders to the COVID-19 virus. The Board ensured the conduct of the virtual AGM supported meaningful engagement between the Board, Senior Management and shareholders. The required infrastructure and tools were in place, a smooth broadcast of the AGM and interactive participation by shareholders took place.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Company published the minutes of the 23 rd AGM within 30 business days after the AGM on the Company's website https://pbahb.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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