

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5041  
**COMPANY NAME** : PBA HOLDINGS BHD  
**FINANCIAL YEAR** : December 31, 2021

## 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 PERSUANT 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 Group is led by Board members who have a wide range of competencies and experience ranging from the accounting, business, legal and public service sectors.</p> <p>The Board of the Company 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 (the "Act") and the MMLR, the MCCG, as well as the Company's Constitution and Board Charter in discharging its fiduciary duties and responsibilities. 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>All the Directors of the Company had objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company.</p> <p>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 business performance and scrutinize the performance of Management against the Company's objectives and targets.</p> <p>To enable the Board to carry out its responsibilities in meeting the</p>

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 the 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 consists 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 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

	<p>Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairpersons of the Board Committees. These Board Committees are chaired by different directors. This removes the risk of self-review by the Chairman. The Board can therefore objectively deliberate the observations put forth by these 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><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

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 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"> <li>i) Providing leadership to the Board so that the Board can perform its responsibilities effectively;</li> <li>ii) Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;</li> <li>iii) Conducting the Board's functions and meetings by leading board meetings and discussions;</li> <li>iv) Overseeing the effective discharge of the Board's supervisory role;</li> <li>v) Facilitating the effective contribution of all Directors and encouraging active participation and allowing dissenting views to be freely expressed;</li> <li>vi) Briefing all the Directors in relation to issues arising at meetings;</li> <li>vii) Promoting constructive and respectful relations between Board members and between the Board and the Management;</li> <li>viii) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and</li> <li>ix) Leading the Board in establishing and monitoring good corporate governance practices in the Company.</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

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>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 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 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>
<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 Chairman is neither a member of the Audit and Risk Management Committee, the Nomination and Remuneration Committee nor the Integrity Committee.
<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 Company Secretaries supported the Board and the relevant Board Committees to ensure their effective functioning in accordance with their terms of reference and best practices, and 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> <ul style="list-style-type: none"><li>• together with Management, managed all Board and Board Committees meeting logistics;</li><li>• attended and recorded minutes of all Board, ARMC and NRC meetings and facilitated Board communication;</li><li>• ensuring that the appointment of director(s) to the Board and/or Board Committees are properly made in accordance with the relevant regulations and/or legislations;</li><li>• advised the Board on its roles and responsibilities;</li><li>• briefed the Board on the latest updates and guidelines issued by Bursa Malaysia Securities Berhad, the Act and the Securities Commission Malaysia;</li><li>• facilitated the conduct of assessments be undertaken by the Board and Board Committees and compiled the results of the assessment;</li><li>• advised the Board on corporate disclosures and compliance with company and securities regulations and MMLR; and</li><li>• managed processes of the Twenty-first Annual General Meeting ("AGM").</li></ul> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function and duties.</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 1.6

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>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, 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>

	<p>In addition, the Board / the 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 / the respective Terms of reference of the Board Committees.</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**

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 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, 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.</p> <p>The updated Board Charter is available on the Company’s website at <a href="http://www.pbahb.com.my">www.pbahb.com.my</a>.</p> <p>As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and authorities to two (2) of its Board Committees, namely, the ARMC and the NRC. 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 Terms of Reference (“TOR”), which are published on the Company’s website. These TOR are reviewed as and when required, and were recently amended to reflect the latest compliance requirements as a result of changes in the regulatory framework. The Board kept itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports by the respective Board Committee Chairpersons, at Board meetings.</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>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 <a href="http://www.pbahb.com.my">www.pbahb.com.my</a>.</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>
<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 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>	:	<p>The Board has in place a Whistleblowing Policy. The Whistleblowing Policy is as 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 organizational 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.</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 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>	:	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 risk and opportunities.	
<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 4.2**

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>	:	PBAHB regularly releases press statements to inform the public and shareholders on its business priorities, strategies and targets. Material sustainability matters and its long term plans are also disclosed in the Annual Report.	
<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>	:	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.	
<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 4.4

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>During its annual assessment, the Board reviewed its performance in addressing the Company's material sustainability risks and opportunities.</p> <p>A sustainability committee was established in 2018 and is led by the CEO. The Committee discusses the sustainability matters, stakeholders' expectations, and the prioritisation of sustainability matters.</p>	
<b>Explanation for departure</b>	:	Please provide an explanation for the departure.	
		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>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**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.*

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<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 its annual assessment on 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 22nd AGM of the Company. The NRC also reviewed the required mix of skills and experiences and other qualities of the Board during such review before making recommendations to the Board.</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>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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 5.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board currently consists of thirteen (13) Board members, all holding non-executive positions, of which five (5) 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. 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>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 the Independent Directors in the Company at this juncture in view of the fact that all the Board members are holding Non-Executive positions. The Board is supportive of boardroom diversity as it can offer greater depth and breadth compared to a non-diverse board. The Board practices no discrimination in terms of appointment of Directors as well as hiring employees, wherein they are appointed based on their merit, skills and experience.</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>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>YBhg. Dato' Agatha Foo Tet Sin, and Independent Director of the Company has been serving the Board for a cumulative term of more than 12 years since 9 June 2009.</p> <p>Both the Board and the NRC have performed an annual assessment to review her independence. They were of the view that she remains objective and independent in expressing her views, participating in the deliberation and decision making of the Board and Board Committees. Her length of services does not in any way interfere with her ability to exercise independent judgement and to act in the Company's best interests.</p> <p>The Company will seek its shareholders' approval at the AGM to retain YBhg. Dato' Agatha Foo Tet Sin as an Independent Non-Executive Director, in compliance with the MCCG. The Board would take appropriate action as recommended by the MCCG for the retention of such a Director as an Independent Director.</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 5.4 - 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> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

**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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	According to Regulation 26(2) of the Company's Constitution, the special Shareholder, the Penang State Secretary shall have the right from time to time to appoint any Government Appointed Directors to be Directors so there shall be not less than two (2) nor more than 11 Government Appointed Directors at any time.	
<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 5.6

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>	:	There is a process for selection and nomination of suitable candidates to the Board. Potential candidates can be identified by the NRC, existing Directors or any major shareholder. The NRC reviews the suitability of candidates identified and recommends to the Board, for appointment to the Board and it is responsible to ensure that appointments are made on merit.
<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 5.7**

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Moving forward, the Board will consider providing justification on the recommendation of reappointment of retiring directors in the notes accompanying the notice of AGM.	
<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 5.8

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Currently, the Chairman of the NRC is YB Prof. Dr. P. Ramasamy a/l Palanisamy, who is a Non-Independent and Non-Executive Director. YB Prof. Dr. P. Ramasamy is also the Chairman of the Establishment Committee of its wholly-owned subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. ("PBAPP"). Hence, he is familiar with the staffing issues in the Group.</p> <p>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.</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>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Currently, the women on the Board, Top and Senior Management are as follows: -</p> <ol style="list-style-type: none"><li>1. YBhg. Dato' Agatha Foo Tet Sin (Senior Independent and Non-Executive Director)</li><li>2. Puan Mary Geraldine Phipps (Independent and Non-Executive Director)</li><li>3. Cik Lim Kim Suan (Independent and Non-Executive Director)</li><li>4. Dr. Mary Ann Harris (CFO)</li><li>5. Puan Joyce Lee (Head of Corporate Affairs Division)</li></ol> <p>The Company has three (3) women Directors on the Board.</p> <p>The Board took note of the MCCG's Practice 5.9 that the Board shall comprise at least 30% women directors. The Board will consider appointing suitable women candidates when vacancies arise.</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>		
<b>Measure</b>		Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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 5.10**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board will formulate a gender diversity policy to achieve the target of 30% women on the Board as well as in Senior Management.	
		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>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	During the financial year 2021, the NRC had conducted an annual assessment of the effectiveness of the Board as a whole and the various Board Committees. The evaluation was internally facilitated. Overall, it was concluded that the Board and Board Committees have discharged their duties and responsibilities adequately.
<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>	:	Departure	
<b>Explanation on application of the practice</b>	:	Please provide an explanation on how the practice is being applied.	
<b>Explanation for departure</b>	:	The Company had via NRC reviewed the remuneration and benefits of senior management. 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.	
		Senior Management remuneration packages are subject to review and approval by the Board, based on the recommendation of the NRC. The Senior Management's performance is evaluated based on the Key Performance Indicators set by the Board on a yearly basis.	
<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 7.2**

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>	:	Departure	
<b>Explanation on application of the practice</b>	:	Please provide an explanation on how the practice is being applied.	
<b>Explanation for departure</b>	:	The NRC reviewed the Key Performance Indicators of the Chief Executive Office, Chief Operating Officer, Chief Financial Officer and Head of Internal Audit and assessed their performances.  Currently there is only one (1) resolution to cover the fees of all Directors. No separate resolution is planned as the fees of each Non-Executive Director is similar.	
		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>			
<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>	<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. 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> <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>The present remuneration structure for the Non-Executive Directors as approved by the Board is as follows:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="3"></th> <th colspan="4" style="text-align: center;">Description</th> </tr> <tr> <th colspan="2" style="text-align: center;">Monthly fixed allowance (RM)</th> <th colspan="2" style="text-align: center;">Meeting allowance (RM) (per meeting)</th> </tr> <tr> <th style="text-align: center;">Company</th> <th style="text-align: center;">Subsidiaries</th> <th style="text-align: center;">Company</th> <th style="text-align: center;">Subsidiaries</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td style="text-align: center;">3,000</td> <td style="text-align: center;">3,000</td> <td style="text-align: center;">300</td> <td style="text-align: center;">300</td> </tr> <tr> <td>Deputy Chairman</td> <td style="text-align: center;">1,500</td> <td style="text-align: center;">1,500</td> <td style="text-align: center;">300</td> <td style="text-align: center;">300</td> </tr> <tr> <td>Non-Executive Directors</td> <td style="text-align: center;">1,000 - 1,500</td> <td style="text-align: center;">1,000</td> <td style="text-align: center;">300</td> <td style="text-align: center;">300</td> </tr> </tbody> </table> <p>Other Claimable Benefits: Business travel and accommodation, communication, medical coverage and other claimable benefits.</p> <p>As required by Section 230 of the Act, the payment of the Directors' benefits up to an amount of RM650,000 for the period from 23 June 2021 until the conclusion of the upcoming 22nd AGM have been presented to the shareholders and duly approved by them at the 21st AGM held on 22 June 2021.</p> <p>The breakdown of the Directors' allowances paid in 2021 is as follows: -</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																									

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	YAB Tuan Chow Kon Yeow	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	77,400	0	0	4,274	0	81,674
2	YB Dato' Ir. Hj. Ahmad Zaki Yuddin bin Abd Rahman	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	40,200	0	0	4,273	0	44,473
3	YB Prof. Dr. P. Ramasamy a/l Palanisamy	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	30,900	0	0	1,824	0	32,724
4	YB Dato' Dr. Mohamad Farazi bin Md Zohari @ Johari	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	31,800	0	0	9,887	0	41,687
5	Dato' Agatha Foo Tet Sin	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	24,300	0	0	4,272	0	28,572
6	Puan Mary Geraldine Phipps	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	24,300	0	0	1,823	0	26,123
7	Dato' Brian Tan Guan Hooi	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	24,600	0	0	4,272	0	28,872
8	Encik Ha Charm Mun (Appointed on 01.03.2021)	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	20,100	0	0	9,887	0	29,987
9	Cik Lim Kim Suan (Appointed on 01.07.2021)	Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	11,400	0	0	2,915	0	14,315
10	YB Tuan Zairil Khir Johari	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	28,800	0	0	4,272	0	33,072

11	YB Muhammad Faiz bin Fadzil	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	14,100	0	0	4,272	0	18,372
12	YB Dato' Muhammad Bakhtiar bin Wan Chik (Appointed on 01.03.2021)	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	11,500	0	0	10,922	0	22,422
13	YB Dato' Seri Abdul Razak bin Jaafar (Resigned on 25.11.2021)	Non-Executive Non-Independent Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	0	28,300	0	0	4,272	0	32,572
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	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

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 identified the Top Five (5) 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, CFO and Heads of Human Resource Division and Corporate Affairs Division.</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. Nevertheless, an aggregate amount of remuneration / compensation of the key Management personnel was disclosed under Note 25 of the Audited Financial Statements for the FY2021. 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 Key Performance Indicators as set by the Board on a yearly basis.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<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>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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.

<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>	:	The ARMC is chaired by an Independent and Non-Executive Director, Puan Mary Geraldine Phipps who is not the Chairman of the Board.	
<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>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 Terms of Reference (“TOR”) to include the requirement for a former key audit partner to observe a cooling off period of at least three years before being appointed as a member of the ARMC.</p> <p>The TOR of the ARMC is available on the Company’s website.</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>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 had met with the external auditors without Management's presence twice during the FY2021.</p> <p>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.</p> <p>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>
<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**

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>	:	Not Adopted
<b>Explanation on adoption of the practice</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 9.5

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>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 are 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 2021, ARMC members have attended various conferences, seminars and training 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>
<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

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 Group has in place an enhanced Enterprise-wide Risk Management ("ERM") framework 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>

<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>	:	The details of the risk management are set out in the Statement of Risk Management and Internal Control (“SORMIC”) in the Annual Report.	
<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 10.3 - 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 ARMC comprises six (6) members, all of whom are Non-Executive Directors; five (5) including the Chairperson are Independent Directors.</p> <p>Encik Ha Charm Mun was appointed to the ARMC on 23 April 2021. Cik Lim Kim Suan was appointed to the ARMC on 1 July 2021.</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In addition, the Company has an in-house internal audit function within the Group where the Head of the Internal Audit, who reports directly to the ARMC, undertook an independent assessment on 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 Auditor 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 ARMC’s decision and action taken before the ARMC Chairperson report to the Board for approval.</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Department is headed by Encik Shanmuga Sundaram a/l Murugason, who holds a Bachelor of Accounting Degree with Honours from Universiti Utara Malaysia (1998) and a Masters Degree in Business Administration from Universiti Sains Malaysia (2016). Currently, he is continuing his doctorate studies in Business Administration. He is a Chartered Accountant registered with the Malaysian Institute of Accountants and also an Associate member of the Institute of Internal Auditors Malaysia (“AIIA”).</p> <p>The Internal Audit Department comprises eleven (11) 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>
<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>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. 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 <a href="http://www.pbahb.com.my">www.pbahb.com.my</a> to facilitate access on 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"><li>• Quarterly Announcements</li><li>• Annual Reports</li><li>• Circulars to Shareholders</li><li>• Press statements</li><li>• Board Charter</li><li>• Code of Conduct and Ethics</li><li>• Whistleblowing Policy</li><li>• Integrity Policy</li><li>• Other Important Announcements</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**

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>	:	Not applicable – Not a Large Company	
<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**

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>	:	<p>The notice of the 21st AGM of the Company held on 22 June 2021 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 2021 AGM.</p> <p>The notice of 21st 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>	
<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>	:	<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>At the 21st AGM, all the Directors were present through video conferencing 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 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 AGM by the Minority Shareholders Watch Group (“MSWG”).</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

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>The Company had leveraged on technology to facilitate voting in absentia and remote participation by shareholders at shareholders' meeting through hosting its first fully virtual 21st AGM on 22 June 2021.</p> <p>The Company has appointed SS E Solutions Sdn Bhd as Poll Administrator to conduct the polling process and another independent scrutineer to oversee the polling process and verify the poll results.</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> :	The Chairman of the Board shall ensure that the AGM supports meaningful engagement between the Board, Senior Management and shareholders. The engagement shall be interactive and include robust discussions on the company's financial and non-financial performance as well as the long-term strategies. Shareholders will be provided with sufficient opportunity to pose questions during the AGM and questions will receive a meaningful response.
<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 13.5

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> :	The Company published the questions posed by shareholders during the virtual 21 <sup>st</sup> AGM so that the questions were visible to all participants during the AGM.
<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>	: The Company published the minutes of the 21 <sup>st</sup> AGM within 30 business days after the AGM on the Company's website.
<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  
PERSUANT 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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