

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5271
COMPANY NAME : Pecca Group Berhad
FINANCIAL YEAR : June 30, 2024

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is headed by an experienced and effective Board. The Board assumes overall responsibility in leading the strategic direction, future expansion, corporate governance, risk management, human resource planning and development, investments made by the Company and overseeing the proper conduct of the business of the Group.</p> <p>The Board discharges its responsibilities in the best interest of the Group and assumes the following key responsibility in discharging its fiduciary duties:-</p> <ul style="list-style-type: none"> (a) reviews and adopts strategic plan as well as monitoring the implementation of the strategic plan by the Management; (b) overseeing and evaluating the conduct and sustainability of the Group; (c) implementation of appropriate internal controls and mitigating measures to address the risks identified; (d) carrying out a periodic review of the Group's financial performance and operating results and major capital commitments; and (e) reviews the adequacy and integrity of the internal control system. <p>In order to ensure the effective discharge of its stewardship role, the Board delegates certain of its responsibilities to the Board Committees, namely Audit and Risk Management Committee</p>

	<p>("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") which operate within defined Terms of Reference.</p> <p>The Chairman of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary.</p> <p>Although specific powers are delegated to the Board Committee, the Board keeps itself abreast of the key issues and/or decisions made by each Board Committee through the reports made by Chairman or representative of each Committee and the tabling of Board Committee Minutes of the applicable period for notation by the Board. The ultimate responsibility for decision-making, however, lies with the Board.</p> <p>The Board promotes the application of sustainability practices throughout the Group, the benefits of which are believed to translate into better corporate performance and ensure integrity of the Company's financial and non-financial reporting. A report on sustainability activities, demonstrating the Group's commitment to the environment, community, marketplace and workplace, appears in the Sustainability Statement of the Annual Report ("AR") 2024.</p> <p>The Board is also committed to instill good ethics and values amongst its members and its employees through its core values of honesty, integrity, commitment, loyalty and humanity. This is clearly reflected through the adoption of a Code of Ethics for Directors, a Code of Conduct and Business Ethics for employees, a Whistle-blower Policy and a Directors' Fit and Proper Policy. The Board believes that the success of the Group's business should be built based on these foundations.</p> <p>The salient features of the Code of Ethics, Whistle-blower Policy and Directors' Fit and Proper Policy are published on the Company's corporate website at https://peccagroup.com/.</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 1.2

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 Board is led by Dato' Mohamed Suffian Bin Awang, an experienced Independent Non-Executive Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>The roles and responsibilities of the Chairman of the Board are:</p> <ul style="list-style-type: none"> a) leading the Board in setting the values and standards of the Group; b) lead board meeting and discussions; c) the balance of membership, subject to Board and shareholders' approval; d) maintaining a relationship of trust with and between the executive and non-executive Directors; e) ensuring the provision of accurate, timely and clear information to Directors; f) ensuring effective communication with shareholders and relevant stakeholders; g) arranging regular evaluation of the performance of the Board, its Committees and individual Directors; h) facilitating the effective contribution of non-executive Directors and ensuring constructive relations be maintained between the executive and non-executive Directors; and i) leading the Board on its succession planning program for Board and Senior Management levels. <p>The detailed roles and responsibilities of the Chairman have been set forth in the Board Charter which is published on the Company's corporate website at https://peccagroup.com/.</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	:		
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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>The Board is headed by an Independent Non-Executive Chairman who is responsible for the leadership, integrity and effectiveness of the governance of the Board. The responsibilities of the Chairman are set out in the Board Charter.</p> <p>There is a clear division of roles and responsibilities between the Chairman and Group Managing Director (“GMD”) in ensuring a balance of power and authority in the Company. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role whilst, the Managing Director is the conduit between the Board and Management in ensuring the success of the governance and management functions of the Group.</p> <p>The position of Chairman is currently held by Dato’ Mohamed Suffian Bin Awang, an Independent Non-Executive Director who is responsible for orderly conduct and function of the Board whilst the position of GMD was held by Datuk Teoh Hwa Cheng who is responsible for overseeing the day-to-day operations of the Group. The separation of powers between the GMD and the Chairman are clearly elucidated in the Board Charter.</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

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 :	Departure
Explanation on application of the practice :	
Explanation for departure :	The Chairman of the Board, Dato' Mohamed Suffian Bin Awang is also the Chairman of the Nomination Committee and Member of Audit and Risk Management Committee and Remuneration Committee of the Company.
	<p>Despite Dato' Mohamed Suffian Bin Awang role as Chairman of the Board and member in others committee, he exercises independent and objective opinions and advises the Company based on his extensive experience. In addition, the Chairman is not involved in the Company's managerial and operational matters.</p> <p>During the deliberation of the Committees, each member of the Committees are able to provide their opinion without impairing the objectivity of the Chairman of the Board.</p> <p>The Chairman of the Committees would then propose the recommendation by the Committees to the Board for discussion and decision. As any decision made by the Board is based on the agreement by majority of the Board, hence the Chairman of the Board would remain objective in accepting the views of the Board.</p>
<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 Board is supported by qualified and competent Company Secretaries. The Board has direct access to the advice and services of the Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures, corporate governance and compliance with the relevant regulatory requirements and legislations. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required.</p> <p>The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Company and all meeting materials are prepared and issued to the Board of Directors and Board Committee members at least five (5) business days prior to the meetings to enable them to receive the information in a timely manner.</p> <p>The present Company Secretaries, Ms Tai Yit Chan and Ms Tai Yuen Ling, both from Boardroom Corporate Services Sdn Bhd were appointed by the Board and each of them has more than 20 years of experience as Company Secretaries. Both of them are qualified to act as Company Secretary under Section 235(2) of the Companies Act, 2016 and The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Licensed Company Secretary ("LS") respectively. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required and have attended training/seminars conducted by MAICSA and other regulatory bodies to keep abreast of the changes to regulations and requirements.</p> <p>The Company Secretaries play an important role in the Board or Board Committees meetings as well as annual general and extraordinary general meetings in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries will assist the Chairman and the Board in the conduct of the meetings and ensure the minutes are properly recorded, particularly questions and issues raised.</p>

	<p>The Board is regularly updated and advised by the Company Secretaries who are professionally qualified, experienced and knowledgeable on new or revised regulatory requirements as well as corporate governance best practices. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its functions. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, corporate governance and legislations.</p> <p>In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries.</p> <p>The roles and responsibilities of the Company Secretaries have been set forth in the Board Charter which is available on the Company's corporate website at https://peccagroup.com/.</p>	
<p>Explanation for departure</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>Timeframe</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 1.6

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>The Board members have full and timely access to all information within the Group and the Board papers are distributed prior to the Board Meeting to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently.</p> <p>The Board papers which include the agenda and reports cover amongst others, areas of strategic, financial, operational and regulatory compliance matters that require the Board's approval.</p> <p>All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings including pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decision made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.</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

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 Charter adopted by the Board serves as a source of reference and primary guide to the Board as it sets out the role, functions, composition, operation and processes of the Board. There is a schedule of matters specifically reserved for the Board's decision set out in the Board Charter.</p> <p>The Board Charter delineates the duties and responsibilities of the Board, Board Committees and individual Directors, including the following matters that are solely reserved for the Board's decision:-</p> <ul style="list-style-type: none"> (a) Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions (b) Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures (c) Strategic investments, mergers and acquisitions and corporate exercises (d) Corporate Strategic Plans (e) Budgets (f) Quarterly and annual financial statements for announcements (g) Corporate governance policies <p>The Board Charter also serves as primary induction literature that guides newly appointed and existing Board members on the duties and functions of the Board and its Committees.</p> <p>The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remains consistent with the policies and procedures of the Board.</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

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 formalised a Code of Conduct for the Directors and adheres to the Code of Conduct expected for Directors as set out in the Company's Code of Ethics of Directors promulgated by the Companies Commission of Malaysia which governs the underlying core ethical values and commitment to lay standards of integrity, transparency, accountability and corporate social responsibility.</p> <p>In compliance with Malaysian Anti-Corruption Commission Act, the Company had adopted the Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") which governs the prevention of corruption and unethical practices within the Group. The ABAC Policy sets out the guidelines on how to deal with improper solicitation, bribery and other corrupt activities that may arise in the course of business.</p> <p>A copy of the Code of Ethics of Directors and ABAC Policy is available on the Company's website at https://peccagroup.com/.</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

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 Company has put in place a Whistle-blower Policy to inculcate the culture of high standards of business and personal ethics within the Group and provides employees with an accessible avenue to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders.</p> <p>The Whistle-blower Policy is available on the Company's website at https://peccagroup.com/.</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	:	<p>The Board together with the Management takes responsibility for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities and targets. Performance against these clearly set out targets are communicated to the Company's internal and external stakeholders.</p> <p>In line with the recommendation of the Malaysian Code on Corporate Governance 2021 ("MCCG"), the Board takes into consideration the Company's performance in managing material sustainability risks and opportunities.</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 4.2

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	:	<p>The Company sustainability strategies, priorities and targets as well as performance are developed and monitored after a careful review of outcomes from the materiality assessment exercise and engagements with key internal and external stakeholders.</p> <p>The comprehensive description of the Company’s stakeholder groups, engagements and targets as well as the performance against these targets are as set out in the AR 2024.</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 4.3

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	:	In order to gain a better understanding of the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities, the Board members have attended briefing/training on sustainability issues, particularly on Environmental, Social and Governance risks. The Board will continue engaging with subject matter experts by attending training in relation to the same.	
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	:	The performance evaluation of the Board and key senior management for the financial year ended 30 June 2024 (“FY2024”) has included the performance and effectiveness assessment on sustainability. The performance evaluation has among others, assessed the following areas:- a) Effectiveness of the Board to articulate and exercise robust deliberations of the Group’s material matters on Environmental, Social, and Governance (“ESG”). b) Integration of ESG risk into the Group’s risk register. c) Effectiveness of the Board in addressing the Group’s material sustainability risks and opportunities, priorities and targets.
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	:	Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) have been assigned as the person in charged, together with the respective Head of Departments, to manage the sustainability from a strategic and operational perspective.

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 Nomination Committee (“NC”) had reviewed and evaluated the effectiveness of the Board as a whole based on the summary of results from the performance evaluation completed by the Directors and was satisfied that the Directors have discharged their responsibilities in a commendable manner.</p> <p>The NC was also of the view that all the Directors have contributed to robust deliberation and decision making during the Board and Board Committees meetings.</p> <p>The NC has reviewed, and the Board has recommended the re-election of Directors for the shareholders’ approval at the forthcoming 14th Annual General Meeting, based on the annual performance evaluation for the FY2024.</p> <p>In determining whether to recommend a Director for re-election, the Director’s past attendance at meetings, participation and contribution to the functions of the Board and its committee and the fit and properness of the Director will be duly considered by the NC.</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>During the financial year under review, the Board has seven (7) members, comprising three (3) Independent Non-Executive Directors, three (3) Executive Directors and one (1) Group Managing Director. This complies with Paragraph 15.02 of the Bursa Malaysia Main Market Listing Requirements (“Bursa Malaysia MMLR”) which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors.</p> <p>The Board is well balanced, comprising experienced businessmen and qualified professionals of diverse age and ethnicity. The Directors collectively bring with them diverse knowledge, skill, extensive experience and expertise in areas such as strategic planning, business development, finance, corporate affairs, information technology marketing and operations.</p> <p>A brief profile of each Director is presented in the Profile of Directors section of the AR 2024.</p>
<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 5.3

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>Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng had served on the Board as an Independent Director for a cumulative term of more than nine (9) years. The Board, after considering the recommendation of the NC, without the participation of Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng, resolved to retain them as Independent Directors as they bring a wealth of knowledge and experience to the Group. In addition, they provide effective checks and balances in Board proceedings and continues to exercise their independence and objective judgment in deliberations during Board and Board Committee meetings.</p> <p>The resolutions to retain Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng as Independent Non-Executive Directors of the Company were duly passed by way of poll voting at the Thirteenth ("13th") Annual General Meeting ("AGM") of the Company held on 16 November 2023 through a two-tier voting process.</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 NC is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors.</p> <p>The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the NC. All nominees and candidates to the Board are first considered by the NC taking into consideration, inter-alia, the competency, knowledge, expertise and experience, professionalism, integrity, time commitment of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.</p> <p>In identifying candidates for appointment as Directors, the NC would use variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely rely on the recommendations from existing Board members, management or major shareholders.</p> <p>The Board has in place a Diversity Policy which is available on the Company's website at https://peccagroup.com/.</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 5.6

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	:	<p>The Board views the identification and appointment of new Directors as an essential process that must be carried out with foremost diligence and care. The current process of appointment to the Board is based on the recommendations of the NC. The responsibilities of the NC in this regard include evaluating candidatures for directorships based on meritorious criteria such as mix of skills, knowledge, expertise and experience, time commitment, integrity, competencies in meeting the needs of the Company and any potential conflict of interest.</p> <p>In sourcing for suitable candidates, the NC receives suggestions from existing Board Members, Management and major shareholders as well as referrals from external sources, such as industry or professional associations. The candidates are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in Paragraph 2.20A of the Bursa Malaysia MMLR. This has enabled the Company to source for high calibre Directors with a sound understanding of the business imperative based on the Board as disclosed in the Corporate Governance Overview Statement of AR 2024.</p> <p>The Board may consider utilising various independent sources to identify suitably qualified candidates, if necessary.</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 5.7

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	:	In order to assist shareholders of the Company to decide on the appointment and/or reappointment of Directors, relevant information pertaining to the Directors such as their personal profile, record of attendance of meetings and shareholdings in the Group (where applicable) are appropriately disclosed in the AR 2024.	
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	:	Applied	
Explanation on application of the practice	:	<p>The NC is chaired by Dato' Mohamed Suffian Bin Awang, an Independent Non-Executive Director as required by the Term of Reference of the NC.</p> <p>The Board recognises the need for Chairman of NC to be independent to ensure objectivity and independent judgement during deliberations.</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 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges the importance of having diversity of Board, Management and employees in terms of skills, expertise, gender, age and ethnicity. The Company has put in place a Diversity Policy as the Company’s commitment to diversity at all levels.</p> <p>Currently, the Board comprises two (2) female Non-Independent Executive Directors which accounts for 29% representation of women on the Board.</p> <p>The Board supports the country’s aspirational target of 30% representation of women directors in line with Practice 5.9 of MCCG and will consider a diverse range of candidates including female representation in future recruitment and selection processes.</p> <p>The Diversity Policy is available on the Company’s website at https://peccagroup.com/.</p>
<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 5.10

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had adopted a Diversity Policy which outlines its approach in achieving and maintaining diversity (including gender diversity) on the Board. The Board reviews its diversity policy as and when needed based on changing environment. The Board Diversity Policy can be downloaded from the Company's website at https://peccagroup.com/.</p> <p>Whilst the Board recognises that MCCG had recommended for listed issuers to have at least 30% women directors, any appointment of director on the Board is only made after objective and thorough assessment by the NC of the appropriateness of the candidate's skills and experience to the position as well as the Company's requirement at that point of time.</p> <p>As for Senior Management, the Company strives for equal employment opportunities of which the positions are to be filled with the most suitable candidates on the basis of qualifications, relevant experience, performance potentials and any other attributes required of the job.</p> <p>The disclosure on the gender diversity of the Group is set out in the Sustainability Statement of the AR 2024.</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

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	: <p>The NC has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the effectiveness of the Board Committees, contribution and performance of each director and performance of audit committee members on an annual basis.</p> <p>The evaluation process is led by the NC Chairman who is an Independent Non-Executive Director and supported by the Company Secretaries. The evaluation process is conducted via questionnaires to review the effectiveness of the Board and its Committees and based on self-review and peer assessment. The NC reviews the outcome of the assessment and reports to the Board, in particular, areas for improvement, and is also used as the basis of recommending relevant Director(s) for re-election at the AGM.</p> <p>The NC reviews the effectiveness of the Board by taking into account the composition of the Board, time commitment, boardroom activities and the overall performance of the Board.</p> <p>The NC undertakes an annual assessment on the independence of directors. When assessing independence, the NC focuses on whether the Independent Non-Executive Director is able to bring independent and objective judgement and act in the best interest of the Group.</p> <p>The NC had upon its annual assessment conducted on the effectiveness of the Board and Board Committees; character, experience, integrity, competence and time commitment of each Director, CEO and CFO; mix of skills and experience of the Board; level of independence of the Directors; and term of office and performance of the ARMC and each of its members, concluded that the Directors have discharged their duties satisfactory. The NC was also satisfied with the performance of the Board and Board Committee. As for the</p>

	balance and composition of the Board, the NC concluded that the Directors have the appropriate mix of skills, experience, knowledge and professional qualifications which will contribute positively to the Board Committees and the Board as a whole.	
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	:	Applied
Explanation on application of the practice	:	<p>The RC has established Directors and Senior Management's Remuneration Policy which is linked to the strategic performance or long term objectives of the Company to ensure that the Company is able to attract and retain capable Directors and Senior Management to run the Group successfully. The Executive Directors' remuneration is structured to link rewards to corporate and individual performances. In the case of Non-Executive directors, the level of remuneration reflects the experience and level of responsibilities undertaken.</p> <p>In determining the remuneration of the Directors and Senior Management, the Company's objective is to provide fair and competitive remuneration to its Board and/or Senior Management in order for the Company to benefit by attracting and retaining a high quality team. The RC is authorised by the Board to seek appropriate professional advice within and outside the Group as and when it considers necessary.</p> <p>The annual salaries, incentive arrangements, service arrangements and other employment conditions for the Executive Directors and/or Senior Management are reviewed by the RC and recommend to the Board for approval and where necessary, will be subject to shareholders' approval. Senior Management(s) who report directly to the Executive Directors are evaluated annually premised on annual measurements and targets set. Thereafter, the Executive Directors approve the remuneration of the Senior Management(s) based on their performance.</p> <p>The determination of the remuneration for Independent Non-Executive Directors is a matter for the Board to decide as a whole. The Senior Management and Executive Directors are not present during the discussions when matters affecting their own remuneration</p>

	arrangements are being considered.	
	The Directors and Senior Management's Remuneration Policy and accompanying procedures are disclosed on the Company's website at https://peccagroup.com/ .	
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 7.2

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 determining the remuneration of the Directors and Senior Management, the Company's objective is to provide fair and competitive remuneration to its Board and/or Senior Management in order for the Company to benefit by attracting and retaining a high quality team. The RC is authorised by the Board to seek appropriate professional advice within and outside the Group as and when it considers necessary.</p> <p>The annual salaries, incentive arrangements, service arrangements and other employment conditions for the Executive Directors and/or Senior Management are reviewed by the RC and recommend to the Board for approval and where necessary, will be subject to shareholders' approval. Senior Management(s) who report directly to the Executive Directors are evaluated annually premised on annual measurements and targets set. Thereafter, the Executive Directors approve the remuneration of the Senior Management(s) based on their performance.</p> <p>The determination of the remuneration for Independent Non-Executive Directors is a matter for the Board to decide as a whole. The Senior Management and Executive Directors are not present during the discussions when matters affecting their own remuneration arrangements are being considered.</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	:	A summary of the Directors' remuneration payable during the FY2024 are disclosed as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Mohamed Suffian Bin Awang	Independent Non-Executive Chairman	96.0	9.0	-	-	-	-	105.0	96.0	9.0	-	-	-	-	105.0
2	Datuk Teoh Hwa Cheng	Group Managing Director	-	-	-	-	-	-	-	60.0	-	885.8	790.9	-	116.2	1,852.9
3	Datin Sam Yin Thing	Executive Director	-	-	-	-	-	-	-	-	-	378.0	324.1	-	50.3	752.4
4	Teoh Zi Yi	Executive Director	-	-	-	-	-	-	-	-	-	68.3	16.8	-	10.0	95.1
5	Teoh Zi Yuen	Executive Director	-	-	-	-	-	-	-	-	-	135.9	33.4	-	18.9	188.2
6	Datuk Leong Kam Weng	Independent Non-Executive Director	96.0	9.0	-	-	-	-	105.0	96.0	9.0	-	-	-	-	105.0
7	Dato' Dr Norhizan Bin Ismail	Independent Non-Executive Director	60.0	5.5	-	-	-	-	65.5	60.0	5.5	-	-	-	-	65.5
8	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
9	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
10	Input info here	Choose an item.	Input info	Input info	Input	Input	Input	Input	Input info	Input info	Input info	Input info	Input info	Input	Input info	Input info here

			here	here	info here	info here	info here	info here	here	here	here	here	here	info here	here	
11	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
12	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
13	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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In determining the remuneration packages of the Group's Senior Management, factors that were taken into consideration included individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration package is competitive and sufficient to ensure that the Group is able to attract and retain executive talents.</p> <p>Although the MCGG has stipulated that the Company should disclose on a named basis the top five (5) senior management's detailed remuneration including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000, the Board would like to provide for an advocacy period in the interim.</p> <p>The Board has not disclosed on a named basis the top five senior management's remuneration in bands of RM50,000 as the Board is of the opinion that such disclosure may cause tension and unhealthy competition among senior management. In addition, such disclosure would not be in the best interest of the Group, given the highly possibility of these employees being poached.</p> <p>The Board will review and consider disclosing the top five senior management's remuneration components in bands of RM50,000 on named basis in the near future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 Chairman of the Board is Dato’ Mohamed Suffian Bin Awang while the Chairman of the ARMC is Datuk Leong Kam Weng. Having the position of Board Chairman and Chairman of the ARMC assumed by different individuals, it allows the Board to objectively review the ARMC’s findings and recommendations.	
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	:	<p>The ARMC has adopted a policy that in the event that the ARMC decides to appoint a former key audit partner as Director, a cooling-off period of at least three (3) years must be observed.</p> <p>During the financial year under review, none of the ARMC member is a former key audit partner of the external audit firm of the Company.</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 9.3

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 Board maintains a good professional relationship with the external auditors through the ARMC in discussing with them for their audit plans, audit findings and financial statements. The ARMC invites the external auditors at least twice a year to discuss their findings and audited financial statements of the Group. In addition, the ARMC also met with the external auditors during the FY2024 without the presence of the Executive Directors, GMD and Senior Management of the Company.</p> <p>The ARMC is responsible for the recommendation on the appointment and re-appointment of the Company's external auditors and the audit fees. The ARMC carried out an assessment of the performance and suitability of the external auditors based on the quality of services, sufficiency of resources, communication and interaction and independence and objectivity.</p> <p>Messrs. Crowe Malaysia PLT, the External Auditors of the Company have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.</p> <p>The ARMC is satisfied with the suitability and independence of Messrs. Crowe Malaysia PLT based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the FY2024.</p> <p>The Terms of Reference of the ARMC is available on the Company's website at https://peccagroup.com/.</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	:	Adopted
Explanation on adoption of the practice	:	<p>During the financial year under review, the ARMC of the Company comprises three experienced and qualified members, namely Datuk Leong Kam Weng (Chairman of the ARMC and Independent Non-Executive Director), Dato' Mohamed Suffian Bin Awang (Independent Non-Executive Director) and Dato' Dr. Norhizan Bin Ismail (Independent Non-Executive Director).</p> <p>As independence is the cornerstone of a well-functioning ARMC, the Board is of the view that the existing composition of the ARMC allows its members to apply professional scepticism, vigilance and moral courage when undertaking their responsibilities on pertinent matters.</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 9.5

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>The ARMC assists the Board to review the integrity of the Company's financial statements. The ARMC further reviews the adequacy and effectiveness of the system of internal controls as well as risk management framework of the Company.</p> <p>All the ARMC members have the relevant financial knowledge and commercial expertise skills required to discharge their roles and responsibilities effectively.</p> <p>The qualification and experience of the ARMC members are disclosed in the Directors Profiles of the AR2024.</p> <p>The members of ARMC undertake continuous professional development to keep themselves abreast of the development in the industry and relevant changes in the accounting and auditing standards and practices.</p> <p>The training attended by the ARMC members during financial year are set out in Corporate Governance Overview Statement of the AR2024.</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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that not limiting to financial aspects of the business but also operational and regulatory compliance. The ARMC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.</p> <p>The Board acknowledges that while the internal control system is devised to cater for particular needs of the Company and risk management to provide reasonable assurance against material misstatements or loss.</p> <p>The Statement on Risk Management and Internal Control ("SORMIC") as set out in this AR2024 provides an overview of the state of risk management and internal controls within the Group.</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

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	:	<p>The Board has established a framework to formulate and review risk management policies and risk strategies. The Board also reviewed the adequacy and effectiveness of the system of internal controls framework and risk management framework regularly.</p> <p>Further information on the Company’s risk management and internal control activities are presented in the SORMIC of the AR2024.</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 10.3 - 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	:	Not Adopted
Explanation on adoption of the practice	:	

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 Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group.</p> <p>The Group has an internal audit function which is outsourced to GovernAce Advisory & Solutions Sdn Bhd and reports directly to the ARMC. The resources and scope of work covered by the internal audit function during the financial year under review, including its observation and recommendations, is provided in the ARMC Report of this AR2024.</p> <p>The ARMC meets regularly to review the risks identified, discuss on mitigation actions in place and report to the Board on a quarterly basis. Details of the internal audit function are set out in the SORMIC and ARMC Report of this AR2024.</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

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 Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group.</p> <p>The Group’s internal auditor, GovernAce Advisory & Solutions Sdn Bhd reports directly to the ARMC. The resources and scope of work covered by the internal audit function during the financial year under review, including its observation and recommendations, is provided in the ARMC Report of this AR2024. Details on the person responsible for the internal audit are set out below:-</p> <p>Name : Chong Chee Seng</p> <p>Qualification : Certified Internal Auditors (“CIA”), Fellow Certified Practising Accountant (“FCPA”) with CPA Australia, a Chartered Member of Institute of Internal Auditors Malaysia (“CMIIA”) and Accountant registered with the Malaysian Institute of Accountants (“MIA”)</p> <p>Independence : Does not have any family relationship with any director and/or major shareholder of the Company</p> <p>Public Sanction or penalty : Has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year</p> <p>The ARMC meets regularly to review the risks identified, discuss on mitigation actions in place and report to the Board on a quarterly basis. Details of the internal audit function are set out in the SORMIC and ARMC Report of this AR2024.</p> <p>The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities which are carried out</p>

	<p>and monitored by the ARMC. The adequacy and effectiveness of the internal controls and risk management framework were reviewed by the ARMC.</p> <p>Details of the audit personnel from GovernAce Advisory & Solutions Sdn Bhd are set out in the Corporate Governance Overview Statement of AR2024.</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

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>The Board has formalised corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures of the Group to the regulators, shareholders and stakeholders not only to comply with the disclosure requirements as stipulated in the Bursa Malaysia MMLR, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the Bursa Malaysia MMLR.</p> <p>The Board has established a dedicated section for corporate information on the Company's website at https://peccagroup.com/, where information on the Company's announcements, financial information, share prices and the Company's annual report may be accessed. It also contains all announcements made to Bursa Malaysia Securities Berhad ("Bursa Malaysia") as well as the contact details of a designated person to address any queries.</p> <p>It has always been the Group's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Malaysia' objectives of ensuring transparency and good corporate governance practices.</p> <p>The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Malaysia and press releases. Further updates of the Group's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations roadshows and the media.</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 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
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 13.1

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	:	The Notice of the 13 th AGM was circulated at least twenty eight (28) days before the date of the meeting to enable shareholders to go through the AR2023 and papers supporting the resolutions proposed.
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	:	The shareholders and proxies of the Company are encouraged and are given the opportunity during the AGM to raise questions regarding the operations of the Group. This is the main forum for a dialogue between the Company and its shareholders where shareholders' concerns may be conveyed to the Board. The Company will ensure that all Board members, the chairs of the Board Committees, the Management team and the Company's External Auditors are available to respond to shareholders questions during the 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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The 13 th AGM of the Company was held physically. Shareholders who are unable to vote and attend the general meeting of the Company are encouraged to submit the proxy form to the Share Registrar. Hence, this allows them to vote in absentia. The Board has always given foremost consideration to the location of its general meeting to ensure it is easy to reach or easily accessible by the shareholders.
<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	: <p>The Company regards the AGM as the principal forum for dialogue and interactions with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for effective communication and constructive feedback from the Company's shareholders. The AGM will provide an opportunity for shareholders to seek clarifications from the Board and its management on the information set out in the Company's annual report, the Group's operations and/or its businesses. The Chairman, GMD, CEO, CFO and other Board members (where required) will respond to questions posed by shareholders during the AGM.</p> <p>The External Auditors will also be present to address any questions raised by the shareholders relating to the audited financial statements.</p> <p>Members of the Board and Board Committees, the CEO, CFO, the management and External Auditors were present at 13th AGM and provided meaningful responses to the questions posed by the Company's shareholders during the said meeting.</p> <p>The minutes of the 13th AGM duly approved by the Chairman is available online on the Company's website at https://peccagroup.com/.</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 13.5

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 :	Not applicable – only physical general meetings were conducted in the financial year
Explanation on application of the practice :	
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 minutes of the 13 th AGM is available online on the Company's website at https://peccagroup.com/ no later than 30 business days after the completion of the 13 th 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	:

**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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