

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0233  
**COMPANY NAME** : Pekat Group Berhad  
**FINANCIAL YEAR** : December 31, 2022

## OUTLINE:

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

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 Board of Directors ("the Board") of Pekat Group Berhad ("Pekat" or "the Company") is collectively responsible for overseeing the business operations of Pekat and its group of subsidiaries ("Group"), as well as ensuring the Group's long-term performance, and providing stakeholders with sustainable value. To ensure its roles and responsibilities are being carried out effectively, the Board meets regularly to review business strategies, operations, and performance of the Group. All Board members present their independent judgment to bear on issues of resources, strategy, performance, and standards of conduct.</p> <p>The Board takes an active role in developing the Group's business objectives, risk management, strategic planning, succession planning, sustainability governance, financial and operational management. The Board is responsible for, amongst others, the following:</p> <ol style="list-style-type: none"><li>1. To provide leadership and oversee the overall conduct of the Group's businesses to ensure that the businesses are being properly managed;</li><li>2. To review and adopt strategic plans for the Group and to ensure that such strategic plans and the risk, performance and sustainability thereon are effectively integrated and appropriately balanced;</li><li>3. To review and adopt corporate governance best practices in relation to risk management, legal and compliance management and internal control systems to safeguard the Group's reputation, and the employees and assets and to ensure compliance with applicable laws and regulations;</li><li>4. To ensure that the Group has effective Board Committees as required by the listing requirements and as recommended by the Malaysian Code on Corporate Governance ("MCCG");</li><li>5. To review the effectiveness and implementation of the anti-bribery and anti-corruption policy and framework;</li></ol>

	<p>6. To review and approve the Group’s annual business plans, financial statements and annual reports;</p> <p>7. To monitor the relationship between the Group and the management, shareholders and stakeholders, and to develop and implement an investor relations program or shareholders’ communications policy for the Group; and</p> <p>8. To appoint the Board Committees, to delegate powers to such committees, to review the composition, performance and effectiveness of such committees, and to review the reports prepared by the Board Committees and deliberate on the recommendations thereon.</p> <p>The Board’s role, responsibilities, governance and effectiveness are set out in the Board Charter which was reviewed and approved by the Board on 17 September 2020. The Board Charter is available on the Company’s website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p> <p>The Board has also adopted a Code of Ethics and Conduct which was incorporated in the Board Charter of the Company. In discharging its responsibilities, the Board members are guided by the Code of Ethics and Conduct and have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly within the Group.</p> <p>In discharging its duties and responsibilities, the Board has delegated certain functions to the following Board Committees:</p> <ol style="list-style-type: none"> <li>1. Audit and Risk Management Committee (“ARMC”);</li> <li>2. Nominating Committee (“NC”); and</li> <li>3. Remuneration Committee (“RC”).</li> </ol> <p>The Chairman/ Chairperson of the respective committees will report to the Board on the outcome of the committee meetings. Each Board Committee is governed by its Terms of Reference (“TOR”) which are aligned with the MCCG and ACE Market Listing Requirement (“LR”). The TOR of each Board Committee is available on the Company’s website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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 of the Board, Mr Kok Kong Chin is an Independent Non-Executive Chairman and is primarily responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The Chairman presides over meetings of Directors and ensures the meetings are conducted in an orderly manner.</p> <p>Good corporate governance application and leading the Directors towards effective and efficient Board can be seen through the execution of the following:</p> <ul style="list-style-type: none"><li>• Setting the agenda for each Board meeting together with the Company Secretary and the Managing Director ("MD"), who is also the Chief Executive Officer ("CEO"). Other Directors and key members of Management may also be consulted;</li><li>• Ensuring the provision of accurate, complete, timely and clear information to the Directors, so that Directors have sufficient time for a thorough discussion of key matters and decisions are made on a sound and well-informed basis;</li><li>• Encouraging Board members to provide constructive advice in the determination of the strategies and policies and acting in the best interest of the Company;</li><li>• Leading Board meetings and discussions;</li><li>• Managing Boardroom dynamics by promoting a culture of openness and debate, encouraging active participation and allowing dissenting views from the Board members and senior management to be freely expressed;</li><li>• Ensuring all Directors are properly briefed on issues arising at Board meetings in a timely manner;</li><li>• Taking a leading role in establishing an effective corporate governance system and practices;</li><li>• Ensuring that prior to new appointments to the Board, an assessment is undertaken on the candidate, which may include a competency and behavioural analysis of the candidate;</li><li>• Ensuring that the Board and senior management succession planning is considered on an ongoing basis; and</li><li>• Arranging the regular evaluation of the performance of the Board, its committees and individual Directors and discussing the performance assessment with individual Directors and Committee Chairmen.</li></ul>

	<p>The annual Board Effectiveness Assessment (“BEA”) concluded that the Chairman demonstrated strong leadership and was able to encourage healthy and productive discussion. Board meetings were conducted professionally, individual views were allowed to be shared and debated constructively, ensuring independent views, balance and objectivity. The key roles and responsibilities of the Chairman can be found in the Board Charter available on the Company’s website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and CEO are held by two different individuals. During the financial year under review, Mr Kok Kong Chin is the Chairman of the Board, while Mr Chin Soo Mau is the CEO of the Company. The roles and responsibilities of the Chairman and CEO are clearly segregated to further enhance and preserve a proper balance of authority and accountability.</p> <p>The Chairman is responsible for the orderly conduct and effectiveness of the Board in addition to facilitating constructive deliberation of issues in hand, whereas the CEO is responsible for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board.</p> <p>The CEO also remains accountable to the Board for the overall organisation, management, and staffing of the Group and for the procedures in financial and other matters, including conduct and discipline.</p> <p>The respective duties and responsibilities of the Chairman and the CEO can be found in the Board Charter available on the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: Mr Kok Kong Chin does not hold any position in the ARMC, NC or RC during the financial year under review. However, he was invited to attend the ARMC meetings, for the purpose of understanding of business operations and sharing of experiences.  Mr Kok Kong Chin has no voting rights on resolutions to be passed or decisions to be made. At the ARMC meetings, he did not vote or influence any decision made by the ARMC. Nevertheless, he shared his experience, skills and knowledge for the benefit of the Company.  In addition, Mr Kok Kong Chin is not involved in the management and operational matters of the Group. He has been independent throughout the conduct of meetings and always provides constructive ideas and views to the Board and Board Committees.
<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

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) qualified and competent external Company Secretaries, namely Ms Ong Wai Leng and Ms Choo Sook Fun, both of whom are a professional qualified member of the Malaysian Institute of Chartered Secretaries and Administrators, and Licensed Company Secretary approved by the Companies Commission of Malaysia respectively. They are also qualified Company Secretaries under Section 235(2) of the Companies Act 2016.</p> <p>The Company Secretaries advise the Board on governance matters, Board procedures and applicable regulations and practices in the MCCG to ensure the recommended practices, rules and regulations are followed, adopted and complied with. Their advisory roles also include advising on corporate disclosures and compliance with securities regulations and listing requirements as well as obligations of Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group.</p> <p>The Company Secretaries also support the Chairman, the Board and Management in setting agenda items for meetings of the Board and the Board Committees. They attend meetings and facilitates Board communications, take minutes of meetings, make appropriate submission to the Companies Commission of Malaysia and Bursa Malaysia Securities Berhad.</p> <p>The Company Secretaries have continuously attended relevant professional development and training programmes to keep themselves abreast of the changes in Listing Requirements, corporate governance developments and regulatory changes to provide sound governance advice.</p> <p>The key roles of the Company Secretaries are as set out in the Board Charter available on the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>
<b>Explanation for departure</b>	:	



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

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

## Intended Outcome

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The notice of meeting and meeting materials were generally circulated to the Board members and Board Committee members within five (5) working days prior to the date of meeting. During the year, the meeting materials were distributed in electronic form via email to enable the Board to access meeting materials and relevant information in a timely and efficient manner. This was also part of the Company's sustainability commitment to continuously preserve the environment by reducing in printing of documents.</p> <p>The Company recognises the importance of circulating the notice of meeting and meeting materials in a timely manner to ensure sufficient time is given for all Board members to review and deliberate on such matters accordingly and, where required, to obtain further information and clarification to facilitate well-informed decision making during the meeting. Moving forward, the Company will ensure the meeting materials are circulated to the Board members and Board Committees members at least five (5) business days prior to the date of meeting.</p> <p>Nevertheless, the Chairman of the Board and Chairman/Chairperson of the Board Committees together with Company Secretary and Management set the meeting agenda. The Chairman of the Board and Chairman/Chairperson of the Board Committees had also allocated adequate time for discussion on matters tabled to in the meeting for deliberation.</p> <p>At the same time, to facilitate the Directors' planning, the annual corporate calendar containing dates of the Board and Board Committees' meetings was prepared by Management and circulated to the Board in advance before the beginning of the financial year to reserve the Board's dates accordingly. The closed period notice reminders for dealings in securities by Directors and Principal Officers of the Company were circulated to the Board and Principal officer at least five (5) days prior to the commencement of closed period.</p> <p>The deliberations and decisions of the Board and Board Committees were properly recorded in the minutes and the draft minutes were</p>

	<p>circulated to all the Board and members of the Board Committees in a timely manner. The updates and action plans for the items under matters arising would be further discussed at the next Board and Board Committees' meetings.</p> <p>In addition, for matters which require the Board's decision on urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.</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.

### 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, setting out the Board composition, roles and responsibilities of the Board as a whole as well as individual and Board Committees. It also sets out the overview processes of the Board on how the Board leads by strategic guidance and effective oversight of the management of the Company.</p> <p>The Board Charter specifies the delegation of authority by the Board to various Board Committees to ensure that the Board members would act in the best interests of all stakeholders in performing their responsibilities on behalf of the Company. The issues and decisions are reserved to the Board for determination save to the extent that matters have been delegated to the Committees or Management.</p> <p>The Board Charter of the Company was adopted on 17 September 2020, and it will be reviewed periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter can be found on the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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 Code of Ethics for Company Directors, forming part of the Board Charter of the Company, was adopted on 17 September 2020. The Code of Ethics is formulated to enhance ethical behaviour of the Directors and employees of the Group and they are expected to always conduct themselves ethically and professionally. This will protect and promote good reputation and performance of the Group.</p> <p>In addition, the Board, had on 15 October 2020 adopted a zero-tolerance policy against all forms of bribery and corruption, in particular the Anti-Bribery and Anti-Corruption Policy and Procedures, to be observed by the Directors and employees of the Group. The Anti-Bribery and Anti-Corruption Policy and Procedures elaborates the principles, providing guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business. It is also intended to be applied to all Directors. Contractors, subcontractors, consultants, agents, representative and others performing work or services for or on behalf of the Group are required to comply with the relevant parts of the Anti-Bribery and Anti-Corruption Policy and Procedures when performing such work or services.</p> <p>The Board will continue to observe the Code of Ethics for Company Directors based on the code of conduct expected of directors of companies as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. This Code of Ethics for Company Directors will be reviewed periodically to ensure that it continues to remain relevant and appropriate.</p> <p>The Code of Ethics and the Anti-Bribery and Anti-Corruption Policy and Procedures are available on the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>

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

### Intended Outcome

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 Company recognises the importance of a formal communication channel for affected stakeholders to report any illegal, unethical, or questionable practices. Therefore, the Board had on 15 October 2020 adopted the Whistleblowing Policy and Procedures to provide an avenue for all employees of the Group as well as members of the public to raise legitimate concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively.</p> <p>The policy had included information on how to identify and disclose misconduct, communicate the protections afforded to whistle-blower, and potential consequences of committing or being complicit to misconduct. The Chairman of the ARMC and the MD were appointed as the recipient of disclosures and to oversee the whistleblowing function. The whistle-blower disclosure form is also enclosed in the said Whistleblowing Policy and Procedures.</p> <p>The Whistleblowing Policy and Procedures are made accessible on the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board, together with the Management, recognises the importance of ensuring sustainability risks and opportunities are considered in the development of the Group's business strategies and plans. The Board has yet to set the sustainability strategies and priorities in planning and managing sustainability risks and opportunities and, the sustainability targets will only be set in 2023 as the Group required more time to evaluate its business operations and set relevant science-based emissions reductions target to support cleaner and sustainable growth.	
		The Group's sustainability governance structure, sustainability matters and initiatives are described in the Sustainability Statement as included in the Company's Annual Report 2022.	
<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 4.2

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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	As explained under Practice 4.1, the Company has yet to set any sustainability targets for 2022, and therefore the performance against these targets is not available to communicate to our internal and external stakeholders for the year under review.	
		The sustainability targets will be set in 2023 and will be communicated to its internal and external stakeholders for the financial year ended 31 December 2023.	
<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 4.3

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 committed to staying abreast with sustainability issues associated with the growing operating environment, which are relevant to the Company. This may include, but is not limited to internal and external training and development programmes to be provided for the Board.  During financial year 2022, the Board attended trainings of various programmes including those related to cybersecurity, business continuity, sustainability and ESG matters to keep themselves updated with the recent developments.	
<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>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The NC will review the responsibility of the Board and Senior Management in addressing material sustainability risks and opportunities, and to set appropriate performance targets to adopt this best practice. This will include a performance evaluation of the Board and Senior Management on how well they have performed their roles in addressing the Group’s material sustainability risks and opportunities.	
		The Board through the NC will continue to improve the performance evaluation criteria. The BEA moving forward will incorporate the evaluation on the Board’s performance in addressing the Company’s material sustainability risks and opportunities.	
<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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the NC reviews the composition and size of the Board annually to ensure that the Board has the optimum size, diversity, tenure, age, expertise, independence, skills and experiences to drive the Company's business objectives and strategic goals.</p> <p>The Board, with the assistance of the Management, had performed BEA on the Board's effectiveness as a whole, its Committees and the contribution of each individual Director. Questionnaires and evaluation forms facilitated by Management were provided to the Board and Board Committees after each financial year ended to ensure that the annual assessment was conducted smoothly. The results of the annual assessment were tabled to the NC for deliberation. Thereafter, the Chairperson of the NC shared the results and NC's input with the Board to allow improvements to be undertaken.</p> <p>Based on the results of the annual assessment for the year under review, the Board concurred with NC that the current composition of the Board provides an appropriate size, diversity, mix of skills, qualifications, knowledge, and experience to ensure it meets the present scope and nature of the Group's business operations as well as to facilitate effective decision-making and management of the Board.</p> <p>Management was also recommended to focus on the adoption of the Company's succession planning and strategic plan, including long-term strategies in light of ESG requirements. The Board had expressed their intention to receive training programmes on digital upskilling, digital disruptions, ESG requirements and renewable energy sustainability issues in FY2023.</p> <p>The Independent Directors had also declared that they are independent from the Group. The Board agreed that the Independent Directors had met the criteria under the definition of Independent Director as set out in the ACE Market Listing Requirements ("LR") of Bursa Malaysia Securities Berhad.</p> <p>In addition, to be in line with the LR and to facilitate the NC in discharging their duties, the Board had on 15 April 2022 adopted the Directors' Fit and Proper Policy for the appointment and re-election of</p>

	<p>Directors. The Fit and Proper Policy can be found on the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance.php">https://ir2.chartnexus.com/pekat/corporate-governance.php</a>.</p> <p>The NC has assessed the fit and proper criteria as set out in the Fit &amp; Proper Policy. Based on the results of the annual assessment of the Board and Fit and Proper Assessments, the Board concurred with the NC's recommendation on the re-election of Mr Kok Kong Chin, Mr Tai Yee Chee, and Ms Ooi Youk Lan who are due to retire at the Fourth Annual General Meeting ("AGM") in accordance with the Company's Constitution and recommended to the shareholders for their approval at the said AGM. Both Directors had also submitted their Fit and Proper declaration forms and being eligible, had offered themselves to be re-elected at the forthcoming AGM.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board currently consists of eight (8) Directors. Out of the eight (8) Directors, half of the Board comprises Independent Directors, as follows:</p> <ol style="list-style-type: none"><li>1. Mr Kok Kong Chin – Independent Non-Executive Chairman;</li><li>2. Mr Ong Keng Siew – Independent Non-Executive Director;</li><li>3. Datin Shelina Binti Razaly Wahi – Independent Non-Executive Director; and</li><li>4. Ms Yeong Siew Lee – Independent Non-Executive Director.</li></ol> <p>The Independent Directors provide check and balance on the Board as they are able to provide independent and objective views in the Board deliberations, considering the interests of the Group and minority shareholders. The Board, with the assistance of the NC, will continue to monitor and review the Board size and composition as may be needed.</p> <p>All the four (4) Independent Directors have declared that they are independent pursuant to the LR.</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 5.3**

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>The Independent Directors have declared that they are independent pursuant to the LR. The NC had also concurred that the Independent Directors have met the criteria of the Independent Directors pursuant to LR and practices of the MCCG.</p> <p>Currently, none of the existing Independent Directors of the Company has exceeded the tenure of a cumulative term of nine (9) years in the Company. Therefore, this practice does not apply to the Company at this juncture.</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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at the Board and Senior Management levels. Based on the results of the annual assessment for the year under review, the Board concurred with NC and were satisfied that the current composition of the Board provides an appropriate size, diversity, mix of skills, qualifications, knowledge, and experience to ensure it meets the present scope and nature of the Group's business operations as well as to facilitate effective decision-making and management of the Board.</p> <p>The NC, guided by its TOR and Fit and Proper Policy, is responsible to lead the process for the nomination of a new candidate for appointment and making the necessary recommendation to the Board for approval.</p> <p>On 22 June 2022, Ms Ooi Youk Lan was appointed to the Board as the Non-Independent Non-Executive Director of the Company succeeding Mr Teh Li King, who resigned on 22 Jun 2022. The NC had assessed and deliberated Ms Ooi Youk Lan's profile, skills and experiences and agreed that Ms Ooi would be a suitable candidate. The Board upon recommended by the NC, approved Ms Ooi Youk Lan's appointment.</p> <p>The NC had also assessed the fit and proper criteria as set out in the Fit &amp; Proper Policy for the re-appointment of Directors who are due to retire at the forthcoming AGM. Based on the results of the BEA and Fit and Proper assessment, the Board was satisfied with the NC's recommendation on the re-election of Mr Kok Kong Chin, Mr Tai Yee Chee, and Ms Ooi Youk Lan who are due to retire at the forthcoming AGM and recommended their re-election to the shareholders for approval at the said AGM. The Board was of the view that their performances have been satisfactory and have met the Board's expectation in the discharge of their duties and responsibilities. They also devote adequate time in discharging their duties and responsibilities as Directors, work constructively with other Board</p>

	<p>members, attend meetings well prepared and will continue to bring value and insight to the Board.</p> <p>The TOR of the NC is available on the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>	
<b>Explanation for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>		
<b>Timeframe</b>		

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC is responsible to lead the process for Board appointments by identifying and recommending suitable qualified candidates for the Board's consideration. The NC take cognisance that they are also responsible to oversee the selection and assessment of Directors.</p> <p>During the financial year under review, the Company had appointed a Non-Independent Non-Executive Director, namely Ms Ooi, who was recommended by the major shareholder. NC meeting was held and led by the Chairperson of the NC, to assess and deliberate in length of Ms Ooi's background, skills and expertise, experiences as well as her potential contributions towards the Company which could strengthen the Board's mix of skills as a whole.</p> <p>NC noted that Ms Ooi possessed more than 30 years of working experience in audit, taxation, finance, accounting, treasury and corporate exercises covering variety of industries for both public listed and private companies in Malaysia. She is also a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants.</p> <p>Aside from receiving recommendations from the existing directors, management or major shareholder, the NC may also source potential candidates from various external independent source to gain access to a wider pool of potential candidates.</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 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company had included a statement in the Notice of the Fourth AGM, to provide sufficient information on the re-election of Mr Kok Kong Chin, Mr Tai Yee Chee and Ms Ooi Youk Lan, who are due to retire at the forthcoming AGM in accordance with the Company's Constitution.</p> <p>The profiles of Directors who are eligible for the re-appointment at the Fourth AGM can be found in the annual report of the Company as well as in the Statement Accompanying the Notice of the Fourth AGM, which contain the following information to ensure transparent dissemination of communication with shareholders:</p> <ol style="list-style-type: none"><li>1) the name, age, gender, nationality, qualification, and whether the position is an executive or non-executive one and whether such director is an independent director;</li><li>2) the working experience and occupation;</li><li>3) any other directorships in public companies and listed issuers, and other positions held;</li><li>4) the details of any interest in the securities of the listed issuer and its subsidiaries;</li><li>5) the family relationship with any director and/or major shareholder of the listed issuer;</li><li>6) any conflict of interests that they have with the listed issuer; and</li><li>7) other than traffic offences, the list of convictions for offences within the past five years and particulars of any public sanction or penalty imposed.</li></ol>
<b>Explanation for departure</b>	:	

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

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

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC of the Company is chaired by an Independent Director and comprises exclusively of Independent Non-Executive Directors as follows:</p> <p><b><u>Chairperson</u></b> Datin Shelina Binti Razaly Wah, Independent Non-Executive Director</p> <p><b><u>Members</u></b></p> <ol style="list-style-type: none"><li>1. Ms Yeong Siew Lee, Independent Non-Executive Director</li><li>2. Mr Ong Keng Siew, Independent Non-Executive Director</li></ol> <p>The primary responsibilities of the NC are set out in the TOR of the NC, which is available in the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the Company had appointed Ms Ooi Youk Lan to comply with this best practice. The NC had assessed and deliberated in length on Ms Ooi Youk Lan's background, skills and expertise, experiences as well as her potential contributions towards the Company which could strengthen the Board's mix of skills, before recommending to the Board for approval.</p> <p>With the appointment of Ms Ooi, the Board currently has three (3) women directors, namely Datin Shelina Binti Razaly Wahi, Ms Yeong Siew Lee and Ms Ooi, representing 37.5% of the total Board members.</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 5.10**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place a Gender Diversity Policy to achieve the Company's objective and the targets of at least 30% female gender composition of its Board and senior management as the Board recognises that a diversified Board and senior management could bring greater depth and wider range of perspectives in the decision-making process. The Board also strives to achieve and maintain a culture of diversity not limited to only gender, but also skillsets, qualifications, experiences, ethnicity, age, background and other personal attributes in selection of Board representatives in the future.</p> <p>During the FY2022, women representation of the Group in the Board and senior management position are 37.5% and 31% respectively.</p> <p>The Gender Diversity Policy for the Board and Senior Management is made available on the Company's website, <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>
<b>Explanation for departure</b>	:	Please provide an explanation on how the practice is being applied.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 6.1

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

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

<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>	: <p>The NC assessed and evaluated the performance and effectiveness of the Board and Board Committees as a whole and contribution of each individual Director.</p> <p>The Board, with the assistance of Management, had carried out a BEA on the Board's effectiveness as a whole, its Committees and the contribution of each individual Director. Questionnaires and evaluation forms facilitated by Management were provided to the Board and Board Committees after each financial year ended to ensure that the BEA was conducted smoothly.</p> <p>In evaluating performance of Non-Executive Directors, certain criteria were established and adopted, amongst others, attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committee as a whole. During the annual BEA, the Independent Directors were provided with a self-declaration form to declare that they are independent pursuant to LR.</p> <p>The evaluations undertaken by the NC during the year under review are summarised below:</p> <ul style="list-style-type: none"><li>• Evaluated the balance of skills, knowledge and experience of the Board. Carried out the assessment and rating of each Director's performances against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he/she could devote sufficient time to the role.</li><li>• Performed an evaluation exercise of the Board and its Committees as a whole with the objective of assessing its effectiveness.</li></ul>

	<ul style="list-style-type: none"> <li>Assessed and recommended to the Board for approval on the re-election of Directors who were due to retire at the forthcoming AGM pursuant to the Company's Constitution.</li> <li>Reviewed and assessed the independence of the Independent Directors of the Company based on self-declaration.</li> </ul> <p>In addition, the Directors who were due to retire and eligible being re-elected at the forthcoming annual general meeting had submitted their fit &amp; proper declaration forms to the NC, prior to its recommendation for re-election at the forthcoming AGM.</p> <p>Based on the assessment results of the Board's effectiveness for FY2022, Management was recommended to focus on the adoption of the Company's succession planning and strategic plan, including long-term strategies in light of ESG requirements. In addition, the Board had expressed their intention to receive training programmes on digital upskilling, digital disruptions, ESG requirements and renewable energy sustainability issues in FY2023.</p> <p>Overall, the NC was satisfied with the performance of its existing Board and Board Committees and its composition and was of the view that with the current mix of skills, knowledge, experience and strength, the Board and the Board Committees as a whole are able to discharge their duties effectively. The NC concluded that all the Directors have attained satisfactory ratings and was satisfied with the independence and performance of the Independent Directors of the Company.</p> <p>The annual assessment results were tabled to the NC for deliberation. Thereafter, the Chairperson of the NC shared the results and NC's input with the Board to allow improvements to be undertaken.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

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

## Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place a Remuneration Policy and procedures to determine the remuneration of its Executive Directors, Non-Executive Directors and senior management commensurate with the responsibilities of their positions, reflecting their contributions and achievement.</p> <p>The Board through its RC would ensure that performance measures and targets are aligned with the Company's strategy and shareholders' interest and that the remuneration packages remain competitive with the relevant industry and market via periodical review and assessment. The Board believes that competitive remunerations enable the Company to attract, retain and motivate the Directors and Senior Management.</p> <p>The remuneration package will be reviewed once in every three (3) years or as and when necessary, by the RC, and the Remuneration Policy will be reviewed by the RC on a periodic basis. The Remuneration Policy is available on the Company's website, <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>
<b>Explanation for departure</b>	:	Please provide an explanation for the departure.
<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.	
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## Intended Outcome

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

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

## Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC comprises exclusively of Independent Non-Executive Directors as follows:</p> <p><b><u>Chairperson</u></b> Ms Yeong Siew Lee, Independent Non-Executive Director</p> <p><b><u>Members</u></b></p> <ol style="list-style-type: none"><li>1. Mr Ong Keng Siew, Independent Non-Executive Director</li><li>2. Datin Shelina Binti Razaly Wahi, Independent Non-Executive Director</li></ol> <p>The RC played a role in developing and administering a formal, fair, and transparent policies and procedures for determining the remuneration for Directors and key senior management. The remuneration package is designed to be competitive, adequate and in line with current market practice to attract, retain, motivate, and reward the right talent of Directors and key senior management and is aligned with the Group's strategy taking into account the short-term and long-term value creation and strategic plans of the Group.</p> <p>The TOR of RC containing the duties and responsibilities of the RC is accessible on the Company's website, <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p> <p>During the year under review, the RC carried out the following:</p> <ol style="list-style-type: none"><li>1. Reviewed and recommended to the Board the proposed Directors Fees and Benefits payable in respect of the financial year 2023 ("FY2023");</li></ol>

	<p>2. Reviewed and recommended for the Board's approval of Remuneration Package of the key senior management for the FY2023; and</p> <p>3. Reviewed and recommended the Remuneration Package of the Executive Directors.</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**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed disclosure of the Directors' remuneration received during the financial year 2022 on named basis are as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Kok Kong Chin	Independent Director	66.0	6.5	0	0	0	0	72.5	66.0	6.5	0	0	0	0	72.5
2	Chin Soo Mau	Executive Director	0	30.0	267.4	22.3	0	54.8	374.5	15.0	45.0	534.8	22.3	0	106.6	723.7
3	Wee Chek Aik	Executive Director	0	30.0	255.9	21.3	0	52.5	359.7	15.0	45.0	511.8	21.3	0	102.5	695.6
4	Tai Yee Chee	Executive Director	0	30.0	255.9	21.3	0	52.5	359.7	15.0	45.0	511.8	21.3	0	103.0	696.1
5	Ong Keng Siew	Independent Director	45.0	8.5	0	0	0	0	53.5	45.0	8.5	0	0	0	0	53.5
6	Datin Shelina Binti Razaly Wahi	Independent Director	43.0	8.5	0	0	0	0	51.5	43.0	8.5	0	0	0	0	51.5
7	Yeong Siew Lee	Independent Director	43.0	8.5	0	0	0	0	51.5	43.0	8.5	0	0	0	0	51.5
8	Ooi Youk Lan (appointed on 22 June 2022)	Non-Executive Non-Independent Director	15.0	2.0	0	0	0	0	17.0	15.0	2.0	0	0	0	0	17.0
9	Teh Li King (resigned on 22 June 2022)	Non-Executive Non-Independent Director	15.0	1.5	0	0	0	0	16.5	15.0	1.5	0	0	0	0	16.5
10	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
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
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
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### 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>	:	In view of the competitive nature of human resource market in the industries within which the Company operates, the Company should protect the confidentiality of employees' remuneration packages. The retention of key senior management is critical to the successful implementation of the Company's strategy plan. The Board was of the opinion that the disclosure of key senior managements' aggregated remuneration on an anonymous basis within the range of RM50,000 in the AR 2022 was adequate.	
		Assessment will be done annually in determining the remuneration packages of the Group's key senior management. Factors that are taken into consideration include individual responsibilities, skills, expertise, and contributions to the Group's performance. The Board is committed to ensuring that the remuneration package is complete and sufficient to ensure that the Group is able to attract and retain executive talents.	
<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.	

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>	:	Instruction – Please disclose the required information in the table below. Sole reference to the annual report, without disclosing the required information in the table provided is not allowed.

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the ARMC is Mr Ong Keng Siew while the Chairman of the Board is Mr Kok Kong Chin. The Board Chairman is not a member of the ARMC.</p> <p>With the positions of the ARMC Chairman and the Board Chairman are held by different individuals, it allows the Board to objectively review the ARMC's findings and its recommendations. The ARMC Chairman is also able to provide full commitment and devote adequate time to review all matters under the responsibility of the ARMC.</p> <p>The TOR of the ARMC is available on the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company recognises the importance of independence of its external auditors and that no possible conflict of interest whatsoever should arise.</p> <p>None of the members of the Board were former key audit partners and hence, no member of the ARMC appointed was a former key audit partner.</p> <p>The policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC was embedded in the TOR of the ARMC.</p> <p>The TOR of the ARMC is available at the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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 Company has established a transparent and appropriate relationship with the External Auditors. The External Auditors will periodically highlight significant audit matters to the ARMC.</p> <p>The ARMC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the ARMC and then recommended to the Board for approval.</p> <p>During the financial year, the ARMC with the assistance from Management had conducted its annual assessment on the External Auditors. The annual evaluation form provides a checklist for the ARMC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors of the Company that consider amongst others:</p> <ul style="list-style-type: none"><li>• Adequacy of resources and experience of the audit firm;</li><li>• Quality processes of the audit firm;</li><li>• Competency of audit engagement team;</li><li>• Audit governance and independence;</li><li>• Audit fee, scope and planning; and</li><li>• Audit reports and communications.</li></ul> <p>The ARMC was satisfied with its review that the provision of non-audit services by the External Auditors to the Group for the financial year have not in any way impaired their objectivity and independence. The ARMC was also satisfied with the performance of the External Auditors.</p> <p>The External Auditors had provided their written confirmation on their independence throughout the audit engagement.</p> <p>The Board, having considered the ARMC's recommendation and feedback, recommended the re-appointment of the External Auditors for the financial year ending 31 December 2023 for shareholders' approval at the forthcoming AGM.</p>

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The ARMC comprises exclusively of Independent Non-Executive Directors as follows:</p> <p><b><u>Chairman</u></b> Mr Ong Keng Siew, Independent Non-Executive Director</p> <p><b><u>Members</u></b> 1. Datin Shelina Binti Razaly Wah, Independent Non-Executive Director 2. Ms Yeong Siew Lee, Independent Non-Executive Director</p> <p>The primary responsibilities of the ARMC are set out in its TOR of ARMC, which is available on the Company's website at <a href="https://ir2.chartnexus.com/pekat/corporate-governance">https://ir2.chartnexus.com/pekat/corporate-governance</a>.</p>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC members possess the relevant qualifications, skills, experience and expertise in terms of finance, law, audit, business administration, account and others. Hence, they are able to provide sound advice to the Board in terms of governance, regulatory compliance, financial reporting, internal and external audit reports and other matters to be deliberated by the ARMC.</p> <p>The Chairman and members of the ARMC are financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process. Based on the outcome of the annual Board assessment carried out, the Board was satisfied with the performance of the ARMC.</p> <p>In the TOR of ARMC, the members are required to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. During the financial year 2022, the members had participated and attended different trainings, seminars, conferences, and other relevant programmes which could help them to discharge their duties professionally.</p> <p>The training programs, conferences and/or seminars attended by all ARMC members during the financial year under review are set out in the Corporate Governance Overview Statement in Annual Report 2022.</p> <p>Based on the outcome of the annual Board Committee assessment carried out, the Board was satisfied with the performance and effectiveness of the ARMC. The ARMC members will constantly question Management, and expressed their views and disagreements on key matters presented by Management.</p>

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

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises its responsibilities in maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets while achieving its business objectives. The Board has established and implemented an effective risk management and internal control framework based on the Internal Control Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO").</p> <p>The ARMC assists and supports the Board in discharging its roles and responsibilities to oversee the adequacy and effectiveness of the risk management and internal control system of the Group.</p> <p>The ARMC has the responsibilities to monitor, review, oversee and assess the risk management strategy and process and internal control environment within the Group to ensure a sound risk management framework and internal control system are established.</p> <p>The ARMC has reviewed and approved the guidelines for managing risk within the Group as well as monitor and assess the risk appetite and risk tolerance for the Group. It also reviewed the principal risks and ensured implementation of appropriate risk management systems to effectively identify, analyse, evaluate, manage, monitor, treat and mitigate the risks impacting the Group.</p> <p>For the first quarter of 2022, the ARMC assessed the adequacy and operating effectiveness of the system of internal control through independent reviews conducted on reports received from its Internal Auditors ("IA"), PKF Risk Management Sdn Bhd ("PKF"). ARMC reviewed and reported to the Board on the adequacy of the scope of work, competency, experience, and resources of internal audit function.</p> <p>On 15 April 2022, the Board, through the ARMC's recommendation, has appointed TGS Advisory Sdn Bhd ("TGS") as the new IA of the Company in place of PKF. ARMC had assessed and reviewed the adequacy and effectiveness of the risk management and internal control system and was of the view that the controls are operating adequately and effectively in all material aspects. TGS has adopted an internal audit methodology that conforms to the best practices in internal audit and</p>

	<p>meets the objectives of the Code. The risk-based approach applied to the Group shifts focus from controls on individual transactions to controls over identified business processes, thereafter assesses risks within those processes.</p> <p>The Board will continue to monitor all risks affecting the Group and take necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the risk management and internal control systems of the Group. Further details on the internal control and risk management framework adopted by the Company are available in the Statement on Risk Management and Internal Control, set out in the Company's Annual Report 2022.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	



## Intended Outcome

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

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

## Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through the ARMC, oversees risk management matters relating to the activities of the Group, which include identifying, analysing, evaluating, managing, monitoring, treating and mitigating the significant risks impacting the Group. The ARMC also assists the Board to fulfil its responsibilities with regards to risk management to manage the risk exposure of the Group.</p> <p>Management assisted the IA of the Company conduct reviews and audits on a regular basis by testing the adequacy and effectiveness of material internal controls on key risks identified. Any material non-compliance or errors in internal controls and their corresponding mitigating actions will be reported to the ARMC. Based on the audit findings and recommendations presented by the Internal Auditors, the ARMC will review the adequacy and effectiveness of the risk management and internal control framework for implementation, to strengthen the Company's risk management and internal control.</p> <p>Anti-Bribery and Corruption Policy and Whistleblowing Policy had been adopted by the Company to guide the shaping of the ethical and behavioural conduct within the Group and its stakeholders, and to provide an avenue for all employees of the Group and public to raise legitimate concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively respectively.</p> <p>In addition, the Group's organisational structure has clearly defined line of responsibility and limits of authority as well as delegated authority that is aligned to business and operational requirements. Strategic business direction is entrusted to the Executive Directors, while the management of respective business functions are delegated to the Heads of Department.</p> <p>The detailed features of the risk management and internal control system together with its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report 2022.</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 10.3 - 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> :	Not Adopted
<b>Explanation on adoption of the practice</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 11.1

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>The Group’s internal audit function, reporting directly to the ARMC, is outsourced to an independent professional firm, PKF. However, on 15 April 2022, the Group’s Internal Auditors were replaced by TGS, which provides independent assessment on the adequacy of internal controls and monitors the effectiveness of the Group’s internal controls. The IA will present its internal audit reports to the ARMC on a quarterly basis for review.</p> <p>Under the ARMC’s TOR, the Committee shall ensure the internal audit function is able to function independently and will periodically appraise and assess the performance of members of the internal audit function. The ARMC has reviewed the internal audit functions and was satisfied with its performance.</p> <p>The IA will propose the internal audit plan for the following financial year for ARMC’s review and approval before commencement of work. The scope of the internal audit covers the audits of significant units and operations, including subsidiaries.</p> <p>During the financial year, the IA has reviewed the operations of the Group in the areas of fixed assets management, sales and marketing, inventory management, and follow up monitoring on the trade receivables and credit control, supply chain management and human resource and payroll management.</p> <p>The IA’s recommendations were deliberated at length and accepted by the ARMC and Management for implementation. The IA will present a follow up report to the ARMC on the last audit visit to ensure that recommended action plans are implemented and bring effectiveness to the Group.</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 Group's internal audit functions, reporting directly to the ARMC, is outsourced to PKF and TGS, being independent professional internal audit service providers. The main role of the IA is to undertake regular reviews of the Group's system of internal controls, procedures, and operations so as to provide independent and objective assurance to the ARMC regarding the adequacy and effectiveness of internal control, risk management and governance systems.</p> <p>The IA teams were led by Dr Wong Ka Fee, Director, Risk &amp; Compliance Advisory of PKF. During the year, the Group's Internal Auditors were replaced by TGS, led by Ms Lim Ge Ru, a Director with diverse professional experience in audit, tax, risk management and corporate governance advisory. She is a member of the Chartered Accountant Malaysia (CA(M)), a member of the Association of Chartered Certified Accountants (FCCA) and an Associate member of Chartered Tax Institute of Malaysia (ACTIM).</p> <p>The number of staff deployed for the internal audit engagements is between three (3) and four (4) staff per visit including the Director. The staff involved in the internal audit engagements possess professional qualifications and/or a university degree.</p> <p>The ARMC had assessed the performance of members of the internal audit functions and was satisfied that the IA are free from any relationship or conflict of interest, which could impair their objectivity and independence, and the internal audit engagements are conducted based on a risk-based approach that focus from controls on individual transactions to controls over identified business processes, and then assesses risks within those processes. The risk-based approach carried out by TGS is in accordance with an internationally recognised Internal Control Framework issued by COSO.</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>The Company recognises the importance of being transparent and accountable to its stakeholders and as such, maintains an active and constructive communication that enables the Board to communicate effectively with investors, financial analyst and the public.</p> <p>The Company leverages on a number of formal channels for effective dissemination of information to shareholders and stakeholders, to ensure that they are constantly kept abreast on the Group's progress and developments. The Company communicates regularly with its shareholders and stakeholders through the following channels of communication:</p> <ol style="list-style-type: none"><li><b>1. Bursa Malaysia Securities Berhad ("Bursa")</b>  The Company is guided by the disclosure requirements and continuing listing obligations prescribed in the LR. It ensures that financial results were announced on a quarterly basis and that updates on material announcements such as material information, corporate exercise and the progress of the corporate development were released to shareholders and stakeholders on a timely basis via Bursa website.</li><li><b>2. Corporate Website</b>  The Company's corporate website <a href="https://www.pekat.com.my/">https://www.pekat.com.my/</a> under the "investor relations" section has provided corporate information such as the stock information, interactive chart, annual reports, quarterly reports, Bursa's announcement, corporate governance inclusive of Board Charter, TOR of respective committees and policies, general meetings and of the Company.</li><li><b>3. General Telephone, email address and direct message via corporate website</b>  The general telephone number and general enquiry email address of the Company are provided for the stakeholders to send in any enquiry to the Company. The Company also utilises its corporate</li></ol>



	<p>website as a communication platform with its stakeholders which allow stakeholders to make enquiry or send messages through the Company's website under "Contact Us" section.</p> <p><b>4. General Meetings</b></p> <p>The Third AGM and Extraordinary General Meeting ("EGM") held on 9 June 2022 served as the main forum of dialogue with shareholders and this opportunity is given for shareholders to seek and clarify issues and to allow shareholders to obtain a better understanding of the Group and its businesses.</p> <p>The details of the Company's engagement with stakeholders were set out in the Sustainability Statements of the Annual Report 2022.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

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 Board is responsible to ensure that the Notice of AGM is circulated to the shareholders at least twenty-eight (28) days prior to the date of meeting.</p> <p>For the Third AGM of Pekat, the Notice of the Third AGM, Administrative Notes, Proxy Form together with the Annual Report 2021 were circulated to the shareholders on 29 April 2022, i.e. more than 28 days prior to the date of the Third AGM held on 9 June 2022. Explanatory notes were also accompanied with the Notice of the Third AGM to provide further explanation on each resolution proposed to facilitate informed decision-making by the shareholders.</p> <p>The shareholders were given sufficient notice and time to ensure that they would be able to consider the resolutions to be tabled in the AGM as well as to make appropriate arrangements to attend or participate the AGM, or to appoint proxy, attorney of corporate representative to attend the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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>All Board members were present at the Third AGM and EGM held virtually on 9 June 2022.</p> <p>The attendance of all Directors, Chief Financial Officer, Company Secretary and External Auditors had provided opportunity for shareholders to effectively engage with each Board members and Management.</p> <p>Shareholders were invited to submit questions through the remote participation and voting facilities online (“RPV”) and the questions addressed were answered by the Board and Management meaningfully during the respective meetings.</p> <p>The proceedings were recorded in the respective minutes, which were published on the Company’s website within 30 business days from the date of the meetings.</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 13.3

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>In view of the COVID-19 pandemic and as part of the Company's safety measures, the Third AGM and EGM of the Company held on 9 June 2022 were conducted on a virtual basis through live streaming from the broadcast venue and online remote voting through the RPV facilities to curb the spread of COVID-19.</p> <p>Shareholders were able to participate, vote remotely and submit questions and feedback to the Board through the RPV facilities provided by Tricor Investor &amp; Issuing House Services Sdn Bhd.</p> <p>The following measures were taken by Company to encourage shareholders' attendance and participation at the virtual AGM and EGM:</p> <ol style="list-style-type: none"><li>1. Comprehensive Administrative Notes were circulated to shareholders for registration of attendance, posting of questions prior to the meetings, appointment of proxies, e-Voting.</li><li>2. Electronic lodgement of Proxy Forms was allowed via TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</li><li>3. The AGM and EGM proceedings were broadcasted live via a web portal and mobile application.</li><li>4. Electronic submission of questions by shareholders prior to the meetings through TIIH Online website.</li><li>5. Query Box facility for submission of questions real time during the meetings.</li><li>6. Online remote voting process via TIIH Online website.</li></ol> <p>Tricor Malaysia has implemented an IT policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices of the staff. In addition, the TIIH Online is hosted in a secure cloud platform and the data centre is certified by ISO27001.</p> <p>In addition, the Company had appointed Asia Securities Sdn Berhad as the scrutineers to verify the poll results for each resolution during the AGM and EGM.</p>

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

## Intended Outcome

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

## Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Chairman ensured that the shareholders were given opportunity to raise questions during the Third AGM and EGM held on 9 June 2022.</p> <p>The Shareholders were able to raise their queries to the Board prior to the AGM and EGM via submission through TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> by selecting "e-Services". During the meetings, the Questions &amp; Answers ("Q&amp;A") session was also kept open to allow the members, proxies and corporate representatives to post questions (in the form of typed text) via the query box facility.</p> <p>During the Q&amp;A session, the Chairman ensured that all queries raised prior to the meetings and during the meetings on the Company's financial and non-financial, and the strategic plan were answered. The details of the responses were recorded in the minutes of the AGM and EGM and published on the corporate website after the meetings.</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 13.5

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>	: Due to the impact of COVID-19 outbreak and as part of the safety measures to shareholders, the 3rd AGM and EGM on 9 June 2022 were held on a fully virtual basis to halt the spread of the COVID-19.  The virtual AGM and EGM were conducted through live streaming from the broadcast venue, which supported:  <ol style="list-style-type: none"><li>1. live-video stream of all directors, senior management, company secretary, external auditors who participated in the AGM to address queries from shareholders;</li><li>2. tutorial video to guide shareholders, proxies and corporate representative through the voting procedure; and</li><li>3. submission of queries by shareholders, proxies and corporate representative were allowed prior to and throughout the meetings.</li></ol> In addition, online poll voting was allowed upon the commencement of the meetings to the benefit of shareholders, proxies and corporate representative who wish to cast their votes early. Additional time of the voting session were given to shareholders who have not cast their votes.  Questions received prior to meetings were shared together with answers to all participants during the Question & Answer session. The Board together with the Management had responded meaningfully to all the questions received including the live questions which were made visible to all the meetings participants during the meetings.
<b>Explanation for departure</b>	:  



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

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

**Intended Outcome**

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 minutes of the Third AGM and EGM held on 9 June 2022 was published on the company's website no later than 30 business days after the general meetings.  For the benefit of shareholders, the Company also published the key matters raised for the meetings on the Company's website together with the minutes.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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