

CORPORATE GOVERNANCE REPORT

STOCK CODE : PICORP 7201
COMPANY NAME : PROGRESSIVE IMPACT CORPORATION BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The roles and responsibilities of the Board are set out in the Board Charter.</p> <p>The Board provides leadership and vision in shaping corporate strategies, championing good governance and ethical practices and ensures the effective execution of these strategies, to enhance the shareholders' value and ensure the long-term sustainable development and growth of the Group.</p> <p>The Board meets at least four (4) times a year to review the quarterly performance of the Group, annual budget and strategic business plans presented by Management before approval or execution.</p> <p>The Board monitors the performance of the Group and business strategies at board meetings through briefings, updates and reports from the Group Executive Director ("GED"), Group Chief Financial Officer and Senior Management team.</p> <p>The Board has delegated certain functions to the following Board Committees to assist in the execution its duties and responsibilities:</p> <ul style="list-style-type: none">(a) Audit Committee ("AC");(b) Nomination Committee ("NC");(c) Remuneration Committee ("RC"); and(d) Board Risk Management Committee. <p>The Board Committees operate under their own clearly defined terms of reference.</p> <p>For more information on the Board's leadership role and governance practices, please refer to the Corporate Governance Overview Statement in the Annual Report 2021.</p>

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Datuk Abdul Hamid bin Sawal, who is the Senior Independent Director, is the Chairman of the Board.</p> <p>The Chairman carries out a leadership role in conduct of the Board and its relations with the shareholders and stakeholders. The roles of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none">(a) providing leadership for the Board so that the Board can discharge its responsibilities effectively;(b) leading the Board in the adoption and implementation of good corporate governance practices in the Company;(c) setting the board agenda and ensuring that Directors receive complete and accurate information in a timely manner;(d) leading board meetings and discussions, stimulating debates on issues and encouraging contributions from each Board member;(e) encouraging active participation and allowing dissenting views to be freely expressed;(f) managing the interface between Board and Senior Management;(g) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;(h) maintaining regular dialogues with the Executive Directors in respect of all material matters affecting the Group and consulting other Board members promptly when considered appropriate;(i) being accessible to the Executive Directors between Board meetings to provide counsel and advice;(j) together with the Executive Directors, where appropriate, representing the Group to shareholders, customers, suppliers, regulatory and governmental authorities, external stakeholders and the community;(k) ensuring compliance with all relevant regulations and legislations; and(l) presiding over the Board and general meetings of the Company.
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of Chairman and CEO are held by two different individuals. The function of CEO is undertaken by the GED.</p> <p>There is clear division of roles and responsibilities between the Chairman of the Board and the GED to ensure that there is a balance of power and authority and that no individual has unfettered powers of decision. The Chairman, Datuk Abdul Hamid bin Sawal, is responsible for the leadership of the Board and ensures effectiveness of the Board while the GED, Dato' Dr Lukman bin Ibrahim, manages the day-to-day business and operations and also implements the Board's directives, strategies and policies.</p> <p>The distinct and separate roles and responsibilities of the Chairman and the Executive Directors are provided in Paragraph 3 of the Board Charter which is available on our website, www.picorp.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of the Board, Datuk Abdul Hamid bin Sawal, an Independent Non-Executive Director ("INED"), was a member of the AC, NC and RC ("Board Committees"). In line with Practice 1.4 of the Malaysian Code on Corporate Governance ("MCCG"), Datuk Abdul Hamid bin Sawal relinquished his positions from the Board Committees on 29 November 2021.</p> <p>This practice has also been embedded explicitly in the Board Charter and Terms of Reference of the respective Board Committees which were revised on 1 December 2021 and are available on the Company's website at www.picorp.com.my.</p>
Explanation for departure :	
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Timeframe :	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by the following Companies Secretaries who qualified to act under the Companies Act 2016:-</p> <ol style="list-style-type: none">Puan Zaidah binti Mohd Salleh;Ms Wong Wai Foong; andMs Kuan Hui Fang. <p>Attendance and minutes of all Board and Board Committee meetings are properly recorded and kept by the Company Secretaries.</p> <p>The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance practices of the Company.</p> <p>In this respect, they play an advisory role to the Board, particularly with regard to the Company's Constitution, Board policies and procedures, corporate governance best practices and its compliance with regulatory requirements, codes, guidelines and legislations.</p> <p>The Company Secretaries have undertaken continuous professional development by attending training during the year under review.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</p>
Explanation for departure	:	
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Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Board meetings are scheduled in advance and an annual meeting calendar is circulated to all Directors at the beginning of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules.</p> <p>The Directors receive notice of meetings and meeting materials in advance of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each Board meeting.</p> <p>Notification is also sent to respective divisions on the deadlines for submission of meeting materials to allow Management to make the necessary preparations. All meeting materials are compiled and sent to the Directors as soon as practicable.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Group Legal, Secretarial and Human Capital communicates to the relevant divisions on the Board's decisions/recommendations via circulation of draft minutes of meetings for appropriate actions to be taken. He also follows up with the divisions on the implementation or status of actions and updates the Board at Board meetings. Action items would remain as matters arising in the minutes of meetings until they are fully resolved.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter was established on 21 April 2014. It was reviewed on 29 November 2021 with reference to the revised MCG issued by the Securities Commission Malaysia on 28 April 2021. Having conducted the review, the Board approved various changes to the Board Charter to incorporate the applicable practices and guidance of the revised MCG.</p> <p>The Board Charter serves as reference for the Board members of their fiduciary duties as Directors of the Company. It provides guidance and clarity regarding the roles and responsibilities of the Board and the requirements of Directors in carrying out their roles and discharging their duties towards the Company and/or Group.</p> <p>The Board Charter is periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.</p> <p>The Board Charter is made available for reference in the Company's website at www.picorp.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In order to sustain good corporate governance, the Board has established and adopted the Code of Conduct on 7 November 2018.</p> <p>The Code of Conduct is available at the Company's website, www.picorp.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>On 22 August 2016, a Whistleblowing Policy was established as an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal.</p> <p>The Company's Whistleblowing Policy is available in its website, www.picorp.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Sustainability at PICORP is governed by a Sustainability Working Group ("SWG") with oversight from our Board of Directors. The SWG comprises Group Risk and Compliance ("GRC"), Group Human Capital ("GHC"), Health, Safety and Environment ("HSE") Committee, <i>Musolla</i> Committee ("MUSCOM") and Head of Subsidiary Companies ("HOC") is led by the Group Executive Director ("GED") to drive the improvement and execution of the PICORP's overall sustainability programmes and further report the outcomes to the Board of Directors via the Board Risk Management Committee ("BRMC").</p> <p>The Board remains the ultimate body in delivering the targeted milestones under the Group's sustainability agenda in keeping with the Group's business strategy and action plans. Most of the sustainability aspects are also embedded into the Group's Business Plan, which are tabled and approved at the Board level annually.</p>
Explanation for departure	:	
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Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	: Applied						
Explanation on application of the practice	<p>The Board has the highest oversight in relation to the Group's sustainability matters, initiatives and performance. At the managerial level, the GED, Dato' Dr Lukman bin Ibrahim, plays a leading role through SWG in ensuring that sustainability matters are addressed and integrated effectively and efficiently throughout the Group's business processes and operations. Moving forward, the Board, through the BRMC will be updated on the sustainability status of the Group.</p> <p>Effective and meaningful engagements with all stakeholders are fundamental to build trust and confidence and forms the foundation of good governance in the Group. The engagement platforms with the Group's stakeholders are appended below:-</p> <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Engagement Platform</th> </tr> </thead> <tbody> <tr> <td>Customers including Tenants and Guests</td> <td> <ul style="list-style-type: none"> ✓ Websites ✓ Social media platforms ✓ Customer Satisfaction Survey ✓ Appointment of a key account manager for each customer ✓ Roadshows and Exhibition ✓ Technical Training/Knowledge Sharing Sessions ✓ Regular (online) meetings/engagements with customers to obtain feedback ✓ Top management engagement </td> </tr> <tr> <td>Management and staff</td> <td> <ul style="list-style-type: none"> ✓ SharePoint site ✓ Town Hall meeting ✓ Family Day/Annual Dinner ✓ PICORP Talent Management Program ✓ Training programs ✓ 360 Employee Assessment ✓ Employee Satisfaction Survey ✓ Code of Ethics Policy ✓ Anti-Bribery and Corruption Policy ✓ Whistleblowing channel </td> </tr> </tbody> </table>	Stakeholder	Engagement Platform	Customers including Tenants and Guests	<ul style="list-style-type: none"> ✓ Websites ✓ Social media platforms ✓ Customer Satisfaction Survey ✓ Appointment of a key account manager for each customer ✓ Roadshows and Exhibition ✓ Technical Training/Knowledge Sharing Sessions ✓ Regular (online) meetings/engagements with customers to obtain feedback ✓ Top management engagement 	Management and staff	<ul style="list-style-type: none"> ✓ SharePoint site ✓ Town Hall meeting ✓ Family Day/Annual Dinner ✓ PICORP Talent Management Program ✓ Training programs ✓ 360 Employee Assessment ✓ Employee Satisfaction Survey ✓ Code of Ethics Policy ✓ Anti-Bribery and Corruption Policy ✓ Whistleblowing channel
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		<ul style="list-style-type: none"> ✓ Musolla Committee Programs ✓ Wikitoria (Senior Management Engagement Session) ✓ Health and safety notices and updates ✓ Sexual Harassment Policy
	Suppliers and subcontractors	<ul style="list-style-type: none"> ✓ Business negotiation ✓ Suppliers & subcontractors' assessment ✓ Vendor database through prequalification ✓ Anti-Bribery and Corruption Policy pledge
	Local Community	<ul style="list-style-type: none"> ✓ Charity giving and donations ✓ Participation in and sponsorship of community service events / NGO ✓ Internship opportunities ✓ Trainings on environmental compliance and best practices ✓ Health, Safety and Environment campaigns and programmes
	Shareholders and Investors	<ul style="list-style-type: none"> ✓ Annual general meetings ✓ Annual report ✓ Bursa announcements ✓ Quarterly financial announcements ✓ Website (Investor Relations page)
	Regulators/ Government Authorities	<ul style="list-style-type: none"> ✓ Corporate governance compliance ✓ Regular meetings, workshops and seminars with regulatory agencies to stay abreast of any regulatory requirements ✓ Environmental compliance at project sites
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board, through the NC, assessed the Board Skills Matrix Form which all the Directors had personally rated their background and level of experience and knowledge. Based on the result, the NC discussed and proposed on the suitable training programs to be attended by the Directors to ensure that they are kept abreast of the latest developments in industry. The Board takes great interest on issues relating to sustainability, including general sustainability topics and climate change, among others.</p> <p>The sustainability training programs attended by some of the Directors in 2021 are summarised in the “Corporate Governance Overview Statement” section of our Annual Report 2021.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In addressing the Group’s material sustainability risks and opportunities, the Board and Senior Management had performed their respective roles, including amongst others, the development and implementation of the Group’s strategies, business plans and risk management. The Board, through the NC, reviewed performance of these areas during the annual Board Evaluation Exercise for the financial year ended 31 December 2021 (“BEE 2021”), conducted on 28 February 2022.</p> <p>In addition, the KPI for sustainability material matters have been incorporated into the Senior Management’s Balanced Scorecard which is reviewed during the annual performance appraisal.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible in ensuring that the composition of the Board is refreshed periodically based on the strategies and results of the Board evaluation and performance (including knowledge and skill sets required to perform its oversight role in relation to the sustainability management).</p> <p>The annual re-election of retiring Directors is contingent on satisfactory evaluation of the Director's performance and contribution to the Board. The NC, had on 28 February 2022 assessed the performance of the Directors standing for re-election at the 30th Annual General Meeting ("AGM") via the BEE 2021. Amongst others, the BEE 2021 assessed the Directors on fit and propriety, contribution and performance, and calibre and personality, independence (for INEDs) and their ability to act in the best interest of the Company as a whole.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>As at 31 December 2021, the Board of PICORP comprised six (6) Directors, three (3) of whom are INEDs. Hence, the Company has complied with Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires at least two (2) directors or one-third (1/3) of the Board members of a listed issuer, whichever is higher, to be independent directors and also Practice 4.1 where at least half the board comprises independent directors.</p> <p>The Company had on 1 January 2022, appointed Encik Kamarul Baharin bin Albakri as an INED, thereby increasing the number of INEDs on the Board to four (4) which constituted 57% of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board will be tabling resolutions to retain Mr Lee Weng Chong, Datuk Abdul Hamid Sawal and Dato' Hajjah Rosnani binti Ibarahim as Independent Directors for shareholders' approval at the upcoming AGM of the Company.</p> <p>The two-tier voting process will be applied for the resolutions on the retention of the above directors as Independent Directors.</p> <p>Justifications of the Board for tabling the above resolutions can be found in the Corporate Governance Overview Statement.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the NC appoints new director based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The NC also reviews and evaluates the appointment of Senior Management and their duties and the continuation of their services for recommendation to the Board.</p> <p>Terms of Reference of the NC is set out in the Company's website at www.picorp.com.my.</p> <p>All Board members are committed in their respective role to effectively serve the Company and had full attendance for all Board and Board Committee meetings in financial year ended 31 December 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible for assessing and recommending to the Board the suitable candidates for appointment of Director. The NC has the liberty to rely on external opinions and services for such recommendations. The Board will have the ultimate responsibility and final decision on such appointment.</p> <p>The NC shall ensure that the appointment of Directors is based on objective criteria and merits, with due regard given to the following:-</p> <ul style="list-style-type: none">(i) skills, expertise, experience, age, cultural background and gender to achieve boardroom diversity;(ii) professionalism and track record;(iii) ability to devote sufficient time commitment to serve the Board effectively;(iv) contribution and performance;(v) character, integrity, ability to lead by example, competence and reputation;(vi) ability to understand financial statements and form a view on the information presented;(vii) any conflict or potential conflict of interest, whether the candidate has a business, family or other special relationship within or outside of the Company that could affect the execution of his/her role as Director of the Company;(viii) as for the position of Independent Director, the NC shall evaluate the candidate's ability to discharge his/her duties and responsibilities as expected from an Independent Director; and(ix) such other criteria as may be deemed fit by the NC. <p>Notwithstanding the above, the NC also takes into consideration the following factors for the purposes of the appointment:-</p> <ul style="list-style-type: none">• other factors that promote diversity in age, gender, ethnicity and experience; and• in the case of candidates for the position of INED, whether such candidate has met the requirements for independence as defined

	<p>in Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>On 29 November 2021, the Board with the recommendation of the NC, approved the appointment of Encik Kamarul Baharin bin Albakri (“KBA”) as an INED effective 1 January 2022.</p> <p>The Board had been trying to identify suitable candidates for appointment as INED for some time. The Board had tried to source via an external party, namely Institute of Corporate Directors Malaysia via its Director Search Services. Two potential candidates were shortlisted but their profiles did not match the needs of the Company. KBA was then recommended by the existing director and selected as a suitable candidate based on the following:-</p> <ol style="list-style-type: none"> a. KBA has strong financial management skillset given that he is a member of the Malaysian Institute of Accountants and Association of Chartered Certified Accountants b. KBA’s skills, expertise and relevant experience in senior management position in listed companies. c. KBA’s strong track record, professionalism, competency and reputation. 	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 5.7

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

Application	: Applied
Explanation on application of the practice	<p>The NC had assessed the Directors' eligibility for re-election and appointment by considering their competencies, commitment, contribution and their ability to act in the best interest of the Company.</p> <p>The Board, at its meeting held on 28 February 2022 endorsed the recommendation of the NC for the following Directors to be considered for re-election at the 30th AGM:</p> <ul style="list-style-type: none">(i) Zaid bin Abdullah;(ii) Dato' Hajjah Rosnani binti Ibarahim; and(iii) Kamarul Baharin bin Albakri. <p>("the Retiring Directors").</p> <p>The NC had considered the performance and contribution of Zaid bin Abdullah and Dato' Hajjah Rosnani binti Ibarahim from the BEE 2021. In carrying out the assessment, the following factors were taken into consideration:</p> <ul style="list-style-type: none">(i) fit and proper assessment;(ii) contribution and performance; and(iii) calibre and personality. <p>Kamarul Baharin bin Albakri who was appointed on 1 January 2022, was not included in the BEE 2021.</p> <p>The NC also looked at the tenure of the Directors and board composition to ensure that the Board has appropriate mix of skills and experience for the requirements of the business.</p> <p>Retiring Directors who are INEDs have provided their confirmation that they fulfil the independence criteria prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They have also confirmed that they do not have any existing or potential conflict of interest, business, family or other special relationship within or</p>

	<p>outside of the Company that could affect the execution of their role as Directors.</p> <p>The Board (save for the Retiring Directors who have abstained from deliberation on discussions relating to their own re-election at the NC and Board meetings) supports the re-election of the Retiring Directors as it believes that the Retiring Directors have discharged their duties and responsibilities effectively, demonstrated commitment to their role and will continue to make a strong contribution to the work of the Board and to the long-term sustainable success of the Company.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Dato' Hajjah Rosnani binti Ibarahim, an INED.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	As at 31 December 2021, the Board has two (2) female Directors which is 33% of the total Board members. One of the Alternate Director is also a female.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is committed to ensure that its composition reflects the diversity as recommended by the MCCG. The Boardroom Diversity Policy was approved and adopted on 20 November 2017, which includes the Board's support of gender diversity by having at least one (1) female director on its Board. The Boardroom Diversity Policy is available on the Company's website at www.picorp.com.my . The Company is also committed in ensuring that the business is driven by highly reliable and competent workforce and acknowledges women's empowerment. This is proven by the number of female representation at the PICORP Group, where 50% of Senior Management executives are female, as clearly illustrated in the "Sustainability" section of our Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: The NC is tasked by the Board to carry out an annual assessment/evaluation on the performance of the Directors and the Board Committees. The annual exercise involves Directors completing questionnaires covering the assessment of the Board and Board Committee's performance, assessment of individual Directors (self and peer evaluation), assessment on mix of skills and experience of Board and assessment on independence. The BEE 2021 was conducted internally on 28 February 2022, facilitated by the Company Secretaries. The Directors' responses were collated by the Company Secretaries and the summary of findings was tabled before the NC for deliberation. The NC reviewed and assessed the findings and made recommendations to the Board.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Policy for Directors and Senior Management was established on 28 February 2019 and last reviewed on 28 February 2020 with the following objectives:-</p> <ul style="list-style-type: none">(a) Drive behaviour that is consistent with PICORP Values;(b) Promote symmetric outcomes with the risk appetite of PICORP by encouraging prudent risk taking in decision-making and the undertaking of business activities;(c) Deliver a total reward proposition that is affordable yet competitive, fair and justifiably differentiated;(d) Attract and retain high-quality individuals with the optimum mixture of competencies, ability, experience and skill to deliver on strategy; and(e) Encourage a culture of organisational, team and individual performance and significantly incentivising individuals who deliver sustained performance consistent with strategic goals. <p>The Remuneration Policy is available at the Company's website, www.picorp.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The RC comprises wholly INEDs. The Terms of Reference of the RC is available at www.picorp.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The remuneration of the Directors for the financial year ended 31 December 2021 is set out in the table.</p> <p>Notes for the table:</p> <p>* <i>Encik Kamarul Baharin bin Albakri was appointed on 1 January 2022.</i></p> <p>** <i>The GED, Dato' Dr Lukman bin Ibrahim is not remunerated by way of salary. For his role and responsibilities, the Company pays a consultancy and management fee to a private company owned by Dato' Dr Lukman bin Ibrahim. For FY2021, the Company paid RM576,852.00 to the private company. The Company regards this as a recurrent related party transaction.</i></p>

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	Datuk Abdul Hamid bin Sawal	Independent Director	42	62	0	0	0	0	104	42	62	0	0	0	0	104
2	Dato' Hajjah Rosnani binti Ibarahim	Independent Director	30	70	0	0	0	0	100	44	70	0	0	0	0	114
3	Lee Weng Chong	Independent Director	30	58	0	0	0	0	88	30	58	0	0	0	0	88
4	Kamarul Baharin bin Albakri *	Independent Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Zaidah binti Mohd Salleh	Non-Executive Non-Independent Director	30	58	0	0	0	0	88	40	76	0	0	0	0	116
6	Zaid bin Abdullah	Executive Director	0	0	954	0	78	339	1,371	0	0	954	0	78	339	1,371
7	Dato' Dr Lukman bin Ibrahim **	Executive Director	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info 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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Remuneration paid to the top five Senior Management (excluding the Executive Directors whose remuneration have been disclosed under the remuneration of Directors) for the financial year ended 31 December 2021 amounted to RM2,770,520.00.</p> <p>The remuneration of the top five Senior Management of the Group disclosed above is on an aggregate basis. The Board is of the opinion that the disclosure of the Senior Management's personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.</p> <p>The Board ensures that the remuneration of Senior Management commensurate with the performance of the Group, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Group successfully. Excessive remuneration pay-outs are not made to Senior Management personnel in any instance.</p> <p>The disclosure of the remuneration of the top four* Senior Management executives of the Group is currently made on an aggregate basis and it allows stakeholders to make an appreciable link between remuneration of Senior Management and the performance of the Group.</p> <p>(* The Company has four Senior Management executives only)</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

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

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC comprises three (3) INEDs and one (1) Non-INED.</p> <p>The AC Chairman is Mr Lee Weng Chong, while the Chairman of the Board is Datuk Abdul Hamid bin Sawal.</p> <p>The Terms of Reference of the AC reflects the requirements in Practice 9.1 of the MCCG.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company recognises the need to uphold independence.</p> <p>Paragraph 1 of the Terms of Reference of the AC states that no former partner of the external audit firm of the Company shall be appointed as a member of the AC before observing a cooling-off period of at least three (3) years.</p> <p>The Company does not have any former key audit partners on its Board of Directors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC assesses the suitability and independence of the external auditors annually. The AC meets the external auditors without the presence of Management to ensure that the external auditors can freely discuss and express their opinions on any matter to the AC.</p> <p>The Board, had on 22 August 2016 adopted the Policy on External Auditors to lay down the responsibilities of the AC regarding the External Auditors. The Policy was last reviewed on 1 December 2021.</p> <p>In carrying out the assessment of the external auditors, the AC shall consider:</p> <ul style="list-style-type: none">(a) quality and rigour of their audit;(b) quality of service provided;(c) the External Auditors' internal quality control procedures;(d) relationship with the Group;(e) independence (both in fact and appearance) and objectivity(f) ability to meet deadlines and respond to issues in a timely manner;(g) effectiveness and timeliness of communicating and reporting to the Board and/or the AC;(h) level of understanding of the Group's business;(i) competency and resource adequacy;(j) appropriateness of the proposed fees to support a quality audit; and(k) Annual Transparency Report or if the External Auditors are not required to issue such report, then the AC shall engage with the External Auditors on matters typically covered under such report which shall include the External Auditors' governance and leadership structure as well as measures undertaken by them to uphold audit quality and manage risks. <p>On 28 February 2022, the AC had carried out the annual assessment on the suitability and independence of the external auditors and was satisfied with the results of the assessment.</p>

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman and members of the AC are financially literate and have carried out their duties in accordance with the Terms of Reference of the AC.</p> <p>During the financial year, the AC received updates on financial reporting developments and changes in regulatory environment from the external auditors.</p> <p>The Board, via the NC, reviews the terms of office of the AC members through an annual evaluation exercise. The Board was satisfied with the AC's performance as they possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board is fully committed to maintain a sound system of internal control and risk management to safeguard the shareholders' investments, Group's assets and interest of other stakeholders. The information on Risk Management and Internal Controls is set out in the Statement on Risk Management and Internal Control in the Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The key features of the Group's risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under Statement of Risk Management and Internal Control in the Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group’s internal audit function is outsourced to a professional services firm to assist the Board and AC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group’s internal control system.</p> <p>The internal auditors have direct access and report directly to the AC. The internal auditors table the Annual Internal Audit Plan to the AC for approval and report their internal audit findings and recommendations and status of Management’s implementation/corrective actions to the AC at every AC meeting.</p> <p>The AC has discussions with the internal auditors without the presence of Management to ensure that the internal auditors can freely discuss and express their opinions on any matter to the AC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit function is currently outsourced to an independent professional firm i.e. Baker Tilly Monteiro Heng Governance Sdn Bhd. (“Baker Tilly”). Baker Tilly reports functionally to the AC. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned suggestive corrective actions. The activities of the internal audit function are guided by the Annual Internal Audit Plan prepared by Baker Tilly, which must be presented to the AC for approval.</p> <p>Mr Kuan Yew Choong, the Head of Baker Tilly, is a chartered member of the Institute of Internal Auditors Malaysia, a member of Association of Chartered Certified Accountants and also a member of the Malaysian Institute of Accountants. He is supported by at least two staff, to complete each and every internal audit assignment according to the approved Internal Audit Plan.</p> <p>The Internal Audit function is carried out in accordance with the risk-based approach and the Internal Control - Integrated Framework issued by The Committee of Sponsoring Organisations of Treadway Commission.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established the Shareholders and Investors Communication Policy on 27 February 2017.</p> <p>The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend. The AGM serves as an important forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders. The Chairman encourages active participation by the shareholders during the AGM.</p> <p>Another important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on business activities, the Company strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.</p> <p>The Company also maintains a website at www.picorp.com.my which can be accessed by shareholders to keep abreast with the Group's development. The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Group's performance and operations in addition to the various announcements or press releases made during the year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Notice for forthcoming AGM is given at least 28 days prior to the meeting. The additional time given to the shareholders to allow them to make the necessary arrangements to attend and participate in person or through their proxy. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>The notes to the Notice of the 30th AGM dated 27 April 2022 provide explanations for the resolutions proposed to the shareholders for approval.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	All Directors, Chairs of Board Committees and Senior Management were present at the 29 th AGM on 24 June 2021 to engage directly with shareholders and be accountable for their stewardship of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The COVID-19 pandemic and Movement Control Order and strict Standard Operating Procedures enforced by the Government and relevant authorities have changed the ordinary course of life and business. As a responsible corporate citizen, PICORP is committed to safeguarding the wellbeing of its shareholders, employees and Directors.</p> <p>On 24 June 2021, PICORP conducted its 29th AGM on a fully virtual basis. All Directors were in attendance at the 29th AGM to engage directly with the shareholders and be accountable for their stewardship of the Company.</p> <p>The 29th AGM was carried out in accordance with the Companies Act 2016, the Company's Constitution and the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia. Shareholders and proxies participated at the 29th AGM remotely using the Remote Participation and Electronic Voting services without the need to be physically present at the meeting venue.</p> <p>Shareholders were invited to submit questions for the Board in advance of the meeting. Shareholders also had the option of voting in absentia by appointing the Chairman of the meeting as their proxy to attend and vote on their behalf.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman ensured that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company during the 29th AGM. The shareholders were provided ample time for the Question and Answer session during the 29th AGM. Additionally, shareholders were allowed to submit questions to the Board in advance of the 29th AGM via Tricor Investor & Issuing House Services Sdn. Bhd.'s ("Tricor") TIIH Online website at https://tiih.online. The shareholders and proxy holders could also rely on real time submission of typed text to exercise their rights to speak or communicate in the virtual meeting by submitting questions or remarks into the text box given in the live stream player.</p> <p>A total of 14 questions/remarks received from the shareholders and the GED had addressed all questions posed by the shareholders.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: For the 29 th AGM, the Company had leveraged technology to hold its AGM virtually, entirely via Remote Participation and Voting (“RPV”) facilities provided by Tricor on its TIIH Online website at https://tiih.online . The shareholders were able to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely at the 29 th AGM via the RPV facilities. The detailed procedures to remotely participate in the meeting were provided to the shareholders in the Administrative Guide of the AGM which was published in the Company’s website. In order to ensure effective communication, each question posed by the shareholders was displayed on the screen. The GED addressed the questions accordingly in an orderly manner
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: PICORP conducted its fully virtual 29 th AGM on 24 June 2021 and the minutes of meeting was uploaded onto the Company's website at www.picorp.com.my within 30 business days after the conclusion of the 29 th AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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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