

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : PICORP 7201  
**COMPANY NAME** : PROGRESSIVE IMPACT CORPORATION BERHAD  
**FINANCIAL YEAR** : December 31, 2017

## 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 roles and responsibilities of the Board are set out in the Board Charter.</p> <p>The Board meets at least four (4) times a year to review the quarterly results, 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 Chief Executive Officer ("Group CEO"), Chief Financial Officer ("Group CFO") 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"><li>(a) Audit Committee ("AC");</li><li>(b) Nominating Committee ("NC");</li><li>(c) Remuneration Committee ("RC");</li><li>(d) Board Risk Management Committee ("BRMC").</li></ul> <p>The Board Committees operate under their own clearly defined terms of reference.</p> <p>For more information on the Board's leadership role, governance practices please refer to the Corporate Governance Overview Statement in the Annual Report 2017.</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 1.2

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>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"><li>(a) lead the Board in setting its values, ethical standards and instilling good corporate governance practices;</li><li>(b) facilitate the progress and conduct of meetings;</li><li>(c) stimulate debates on issues and encourage positive contributions from each Board Member;</li><li>(d) set the agenda for Board Meetings with assistance of the Company Secretary and ensure all relevant issues for the effective running of the Company's business are on the agenda;</li><li>(e) ensure proper flow of information to the Board, reviewing the adequacy and timing of board papers in support of Management's proposal and review of performance of the Company and/or Group;</li><li>(f) ensure effective communication with shareholders and relevant stakeholders;</li><li>(g) perform any other responsibilities that may be assigned by the Board from time to time.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Group CEO are held by two different individuals. There is clear division of roles and responsibilities between the Chairman of the Board and the Group CEO 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 Group CEO, Encik Johar bin Yusof, guided by the Executive Deputy Chairman, 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 Group CEO are provided in Paragraph 4 of the Board Charter which is available on our website, <a href="http://www.picorp.com.my">www.picorp.com.my</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 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 the following Companies Secretaries who qualified to act under the Companies Act 2016:-</p> <ul style="list-style-type: none"><li>a. Puan Zaidah binti Mohd Salleh (MIA 3313)</li><li>b. Ms Wong Wai Foong (MAICSA 7001358)</li><li>c. Ms Kuan Hui Fang (MIA 16876)</li></ul> <p>Attendance and minutes of all Board and Board Committee meetings are properly recorded and kept by the Company Secretaries. 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 Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</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 1.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 be compiled and sent via email 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 GCFO communicates to the relevant divisions on the Board's decisions/recommendations via circulation of draft minutes of meetings for appropriate actions to be taken. The GCFO 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>
<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**

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 Charter was adopted by the Board on 21 April 2014 and last reviewed on 20 November 2017. It serves as reference for the Board members of their fiduciary duties as Directors of the Company.</p> <p>The Board Charter is made available for reference in the Company's website at <a href="http://www.picorp.com.my">www.picorp.com.my</a></p> <p>As highlighted in Paragraph 3.6 of the Board Charter, it is part of the Directors' obligations to ensure continuous education/training to keep abreast with the current updates/changes in the market, so as to enable them to sustain their active participation in Board deliberation. In this respect, the Directors had attended the following training programmes during the financial year 2017:-</p>

	<b>Course Title</b>	<b>Trainer/Organiser</b>	<b>Date</b>	<b>Attended By</b>
	Management Discussion and Analysis Statement Sustainability Statement	Tricor Knowledge House Sdn Bhd	13 March 2017	Zaid bin Abdullah Zaidah binti Mohd Salleh Dato' Hajjah Rosnani binti Ibarahim Dato' Dr Lukman bin Ibrahim Lee Weng Chong Usamah bin Zaid Fatimah Zahrah binti Zaid
	Meeting Customers – the Do's and Don'ts	Legal Unit, PICORP	20 June 2017	Usamah bin Zaid
	How It Complies to Clear Air Regulation	Alam Sekitar Malaysia Sdn Bhd	19 July 2017	Usamah bin Zaid
	INSKEN SME Market Outlook	INSKEN	27 July 2017	Usamah bin Zaid
	Negotiation for Survival Training	PICORP	24-25 October 2017	Usamah bin Zaid
	Are We Heading For Another Global Recession Or Do We Care?	Bursatra Sdn Bhd	7 November 2017	Datuk Abdul Hamid bin Sawal
<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 Directors shall be guided by the Code of Ethics for Directors issued by the Companies Commission of Malaysia. The Directors shall observe high ethical business standards of honesty and integrity and to apply these values in all aspects of the business and professional practices. The Directors shall also continue to act in good faith in the best interest of the Company and its shareholders.</p> <p>The employees are provided with the following handouts upon signing of their letter of appointment:-</p> <ol style="list-style-type: none"> <li>1. Human Resource Policy and Procedure Manual;</li> <li>2. Clauses Relating to Confidential Information and Inventions;</li> <li>3. Clauses Relating to Conflict of Interest;</li> <li>4. IT Policy.</li> </ol> <p>Items 2, 3 and 4 above are available at the Company's website, <a href="http://www.picorp.com.my">www.picorp.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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>	:	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.  The Company's Whistleblowing Policy is available it the website, <a href="http://www.picorp.com.my">www.picorp.com.my</a> .	
<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 4.1

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Following the re-designation of Dato' Dr Lukman bin Ibrahim as Group Executive Director on 1 March 2018, two out of seven Directors are Independent Non-Executive Directors.	
		The Board will review the board composition to comply with the recommended practice.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### Intended Outcome

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

### Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied - Two Tier Voting
<b>Explanation on application of the practice</b>	:	<p>Mr Lee Weng Chong was first appointed as an Independent Director on 19 July 2004 and served in office until 31 December 2015. On 2 September 2016, he was appointed as Independent Director to the Board again. Mr Lee has served a cumulative term of more than 12 years.</p> <p>The Board will be tabling a resolution to retain Mr Lee Weng Chong as an Independent Director for shareholders' approval at the upcoming AGM of the Company based on the following justifications:</p> <ul style="list-style-type: none"> <li>(a) the Board is of the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time;</li> <li>(b) the Group greatly benefits from the services of Mr. Lee Weng Chong, who has an acute understanding of the Group's corporate history and business;</li> <li>(c) Mr Lee Weng Chong has devoted sufficient time and commitment to discharge his responsibilities as an Independent Director;</li> <li>(d) Mr Lee Weng Chong has consistently demonstrated thoughtfulness in his approach, asks tough questions and offers sound advice;</li> <li>(e) the Board has assessed Mr. Lee Weng Chong to be independent in character and judgment, independent of management and free from any relationships or circumstances which are likely to affect or could appear to affect his judgment.</li> </ul>
<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**

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

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to 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 4.4**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<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 Nominating Committee is set out in the Company's website at <a href="http://www.picorp.com.my">http://www.picorp.com.my</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 4.5**

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is supportive of gender diversity. The Board has put in place a Boardroom Diversity Policy on 20 November 2017 and has set a policy to have at least one female director on its Board.</p> <p>At present, the Board has two female Directors and a female Alternate Director.</p> <p>Full details of Boardroom Diversity Policy can be referred to in the Company’s website at <a href="http://www.picorp.com.my">http://www.picorp.com.my</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 4.6

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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 assessment and selection of the candidate should be based on the following criteria, amongst others:</p> <ul style="list-style-type: none"><li>• the candidate's character, skills, knowledge, expertise, qualification and experience;</li><li>• understanding of the industry in which the Group is operating in;</li><li>• integrity;</li><li>• professionalism; and</li><li>• any potential conflict of interest with the Group;</li></ul> <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"><li>• other factors that promote diversity in age, gender, ethnicity and experience; and</li><li>• in the case of candidates for the position of Independent Non-Executive Director, whether such candidate has met the requirements for independence as defined in Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 4.7**

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>	:	The NC is chaired by Datuk Abdul Hamid bin Sawal, Senior Independent Non-Executive Director.	
<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

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

### Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>The annual evaluation in respect of the financial year ended 31 December 2017 was conducted internally on 27 February 2018, 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.</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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The RC examines and recommends to the Board the remuneration packages of the Executive Directors and Senior Management, taking into consideration all relevant factors such as their roles and responsibilities, linking rewards to the Group and individual performance.</p> <p>All Directors shall abstain from deliberations and voting on their own remuneration. Directors who are shareholders shall abstain from voting at general meetings on the resolution concerning their fees.</p> <p>The RC will be looking into the establishment of a formal Remuneration Policy and it shall be made available on the Company's website after the Policy is approved by the Board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.



**Intended Outcome**

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 6.2**

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>	:	The RC comprises wholly Independent Non-Executive Directors. The Terms of Reference of the RC is available at <a href="http://www.picorp.com.my">www.picorp.com.my</a> .	
<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

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 7.1

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

<b>Application</b> :	Applied																																																																																																
<b>Explanation on application of the practice</b> :	<p>In line with the best corporate governance practice, the disclosure of the Directors' remuneration on a named basis shall be implemented.</p> <p>The remuneration of the Directors for the financial year ended 31 December 2017 is set out in the table below:-</p> <p><b>COMPANY LEVEL</b></p> <table border="1"> <thead> <tr> <th>Director</th> <th>Salary (RM'000)</th> <th>Bonus (RM'000)</th> <th>EPF (RM'000)</th> <th>Benefits-in-kind (RM'000)</th> <th>Directors' Fee (RM'000)</th> <th>Others (RM'000)</th> <th>TOTAL (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="8"><b>Chairman / Senior Independent Non-Executive Director</b></td> </tr> <tr> <td>Datuk Abdul Hamid bin Sawal</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>36</td> <td>32</td> <td>68</td> </tr> <tr> <td colspan="8"><b>Executive Directors</b></td> </tr> <tr> <td>Zaid bin Abdullah</td> <td>840</td> <td>140</td> <td>186</td> <td>88</td> <td>24</td> <td>150</td> <td>1,428</td> </tr> <tr> <td>Dato' Dr Lukman bin Ibrahim</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>24</td> <td>24</td> <td>48</td> </tr> <tr> <td colspan="8"><b>Non-Independent Non-Executive Directors</b></td> </tr> <tr> <td>Zaidah binti Mohd Salleh</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>24</td> <td>38</td> <td>62</td> </tr> <tr> <td>Usamah bin Zaid</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>24</td> <td>16</td> <td>40</td> </tr> <tr> <td colspan="8"><b>Independent Non-Executive Directors</b></td> </tr> <tr> <td>Dato' Hajjah Rosnani binti Ibarahim</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>24</td> <td>24</td> <td>48</td> </tr> <tr> <td>Lee Weng Chong</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>24</td> <td>12</td> <td>36</td> </tr> </tbody> </table>	Director	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits-in-kind (RM'000)	Directors' Fee (RM'000)	Others (RM'000)	TOTAL (RM'000)	<b>Chairman / Senior Independent Non-Executive Director</b>								Datuk Abdul Hamid bin Sawal	N/A	N/A	N/A	N/A	36	32	68	<b>Executive Directors</b>								Zaid bin Abdullah	840	140	186	88	24	150	1,428	Dato' Dr Lukman bin Ibrahim	N/A	N/A	N/A	N/A	24	24	48	<b>Non-Independent Non-Executive Directors</b>								Zaidah binti Mohd Salleh	N/A	N/A	N/A	N/A	24	38	62	Usamah bin Zaid	N/A	N/A	N/A	N/A	24	16	40	<b>Independent Non-Executive Directors</b>								Dato' Hajjah Rosnani binti Ibarahim	N/A	N/A	N/A	N/A	24	24	48	Lee Weng Chong	N/A	N/A	N/A	N/A	24	12	36
Director	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits-in-kind (RM'000)	Directors' Fee (RM'000)	Others (RM'000)	TOTAL (RM'000)																																																																																										
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<b>GROUP LEVEL</b>							
<b>Director</b>	<b>Salary (RM'000)</b>	<b>Bonus (RM'000)</b>	<b>EPF (RM'000)</b>	<b>Benefits- in-kind (RM'000)</b>	<b>Directors' Fee (RM'000)</b>	<b>Others (RM'000)</b>	<b>TOTAL (RM'000)</b>
<b>Chairman / Senior Independent Non-Executive Director</b>							
Datuk Abdul Hamid bin Sawal	N/A	N/A	N/A	N/A	36	32	68
<b>Executive Directors</b>							
Zaid bin Abdullah	840	140	186	88	36	150	1,440
Dato' Dr Lukman bin Ibrahim	N/A	N/A	N/A	N/A	24	31	55
<b>Non-Independent Non-Executive Directors</b>							
Zaidah binti Mohd Salleh	N/A	N/A	N/A	N/A	24	74	98
Usamah bin Zaid	144	12	18	N/A	24	17	215
<b>Independent Non-Executive Directors</b>							
Dato' Hajjah Rosnani binti Ibarahim	N/A	N/A	N/A	N/A	24	24	48
Lee Weng Chong	N/A	N/A	N/A	N/A	24	12	36
<b>Explanation :</b> <b>for</b> <b>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

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 7.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Remuneration paid to the top four Senior Management for FYE 2017 amounted to RM2,546,212.00.</p> <p>The remuneration of the top four Senior Management of the Company disclosed above is on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management's personnel 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 is commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Company successfully. Excessive remuneration payouts are not made to Senior Management personnel in any instance.</p> <p>The disclosure of the remuneration of the top four Senior Management of the Company 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>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 7.3 - 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>	:	Please provide an explanation on the adoption.

**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 8.1**

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 AC comprises three Independent Non-Executive Directors and one Non-Independent Non-Executive Director.</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 8.1 of the Malaysian Code on Corporate Governance</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 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two 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 recognize the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two years.</p> <p>Paragraph 6 of the Terms of Reference of the AC states that no former key audit partner shall be appointed as a member of the AC before observing a cooling-off period of at least two years.</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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC assesses the suitability and independence of the external auditors annually.</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.</p> <p>In the carrying out the assessment of the external auditors, the AC shall consider:</p> <ul style="list-style-type: none"><li>(a) the quality and rigour of the audit;</li><li>(b) the quality of service provided;</li><li>(c) the external auditors' internal quality control procedures;</li><li>(d) communication with the Board and/or AC;</li><li>(e) the external auditors' independence and objectivity;</li><li>(f) the external auditors' adequacy of resources; and</li><li>(g) any other criteria deemed fit by the AC and/or the Board.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is 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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Please provide an explanation on the adoption.

### 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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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 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>
<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 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The information on Risk Management and Internal Controls are set out in the Statement on Risk Management and Internal Control in the Annual Report 2017.	
<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 9.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The features on Risk Management and Internal Controls are set out in the Statement on Risk Management and Internal Controls in the Annual Report 2017.	
<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 9.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	For the FY 2017, the Board Risk Management Committee comprises wholly of Independent Non-Executive Directors.

**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 10.1**

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit 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>The Head of Baker Tilly, is a chartered member of the Institute of Internal Auditors Malaysia and a member of Association of Chartered Certified Accountants and also a member of the Malaysian Institute of Accountants. He is supported by two to three 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 (“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 11.1

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 Board had on 27 February 2017 adopted the Shareholders and Investors Communication Policy.</p> <p>The Company regards the Annual General Meeting ("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 <a href="http://www.picorp.com.my">www.picorp.com.my</a> which can be accessed by shareholders to keep abreast with the Company's development. The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements or press releases made during the year.</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 11.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	Not applicable as the Company is not a Large Company as defined under the Malaysian Code on Corporate Governance.	
<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 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Notice for forthcoming Annual General Meeting 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 26<sup>th</sup> AGM dated 30 April 2018 provide explanations for the resolution to be proposed to the shareholders for approval.</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 12.2**

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>	:	At the 25 <sup>th</sup> Annual General Meeting on 22 May 2017, all Directors, Chairs of Committees and Senior Management were present to engage directly with shareholders and be accountable for their stewardship of the Company.	
<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 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company does not have a large number of shareholders to warrant voting in absentia and/or remote shareholders' participation at General Meeting. As at 2 April 2018, the Company only has 2,436 shareholders.</p> <p>Since 2008, the general meetings of the Company have been held at the Company's office in Bukit Jelutong, a location which is easily accessible.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.</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>	:	

**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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