

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7080
COMPANY NAME : PERMAJU INDUSTRIES BERHAD
FINANCIAL YEAR : June 30, 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 Board as a whole assumes full responsibility of leading, guiding and monitoring the performance of the Group and exploring new opportunities for the Group's continual business growth. In discharging its fiduciary duties and leadership functions, the Board governs and sets the strategic direction of the Company while exercising effective oversight on Management's performance, risk assessment and controls over its business operations.</p> <p>The Board continues to ensure its effectiveness and provide strong leadership to the Management by establishing the Group's objectives and targets clearly and communicating these objectives and targets across the Management in the Group. The Board consistently review its strategic plans, performs periodic review of the financial results and oversees the conduct of the Group's businesses.</p> <p>The Board is also promoting good corporate governance and ethical culture across all level of the Group by adopting the Code of Conduct and Ethics, Whistleblowing Policy, Remuneration Policy and Anti-Bribery and Anti-Corruption Policy. The Company's Board Charter, which also available on the Company's website at www.per maju.com.my, has clearly stated the roles and responsibilities of the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Chairman instils good governance practices, leadership and effectiveness in the Board through chairing of board and shareholders meetings and deliberating together with the Board members on board matters and policies.</p> <p>When chairing the board meetings, the Chairman will lead and facilitate other Board members to participate in the meeting and ensure that each Board member receives information for the agenda discussed.</p> <p>The Group has documented clear policies for identifying and separating the functions and responsibilities of the Chairman, Board and management in ensuring the smooth running of the Group's business and operations. These are enshrined in the Board Charter which is made available in the Company's website www.permaju.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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The position of Board Chairman and Executive Directors are held by different Individuals. The Chairman of the Company is Mr Jean-Michel Fink whereas the Executive Directors are Ms Chai Woon Yun and Mr Tang Boon Koon.</p> <p>The role of the Board Chairman is to ensure the effective functioning of the Board while the key role of the Executive Directors are to lead and manage the Group's operations and execute the decisions made by the Board.</p> <p>The responsibility of the Chairman and Executive Directors are clearly defined in the Board Charter to ensure accountability and clear division of responsibilities.</p> <p>This is to ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</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 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	:	All Directors have access to the advice and services of a qualified and competent Company Secretary to facilitate the discharge of their duties effectively. The Company Secretary is qualified to act under Section 235 of the Companies Act 2016. The Company Secretary supports the effective functioning of the Board, provides advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitates effective information flow amongst the Board, Board Committees and senior management. The Company Secretary attends programmes and seminars to keep abreast of relevant regulatory requirements, company law and corporate governance requirements and best practices.	
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 1.5

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.

Application	:	Applied
Explanation on application of the practice	:	The agenda and board papers for consideration are distributed at least seven (7) days in advance before each meeting to ensure that Directors have sufficient time to study them and be properly prepared for discussion and decision-making. Minutes are prepared for all Board and Board Committees' proceedings and will be confirmed and signed by the respective Chairman at the subsequent meetings. Board Committees refers to the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). The Directors, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice, if so required in furtherance of their duty, at the Group's expense.
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 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 is guided by a Board Charter which sets out the general principles governing the Board and the respective roles and responsibilities of the Board, Board Committees, individual Director and management and also the issues and decisions reserved for the Board.</p> <p>The Board Charter was last reviewed on 13 October 2021 and shall be updated when the need arises to ensure that dynamic needs of the Group are consistently met. The roles, responsibilities and functions of the Board which are separated from that of the management are clearly defined in the Board Charter. It also states that the Board may delegate certain matters to a Committee of the Board specifically appointed for the relevant purpose. The Board Charter is published on the Company's website.</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>The Company has a Code of Conduct and Ethics policy ("Code") which applies to directors, management and employees. The Code set out the Group's value and principles to guide standards of behaviour and business conduct of directors, management and employees deal with third party which cover the anti-bribery, confidentiality, fair dealing, protect of company's assets and human rights. The Code is incorporated in the Board Charter.</p> <p>The Code is available on the Company's website at www.permaju.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	:	The Group has in place a Whistleblowing Policy. All malpractices or wrongdoings reported by the whistle blower are reported to the Chairman of the ARMC and may be set forth in writing or verbally. The Whistleblowing Policy is available on www.permaju.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

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently comprises five (5) Directors comprising one Independent Non-Executive Chairman, two (2) Executive Directors and two (2) Independent Non-Executive Directors.</p> <p>The composition of the Board complies with Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”).</p> <p>The Board considers that the current size of the Board adequate and facilitates effective decision-making. The current Board composition are persons of high calibre, experienced and are professionals in their respective fields. Together, this bring a wide range of mix of industry specific knowledge, broad based business and commercial experience that are vital to the Board’s successful stewardship of the Group.</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 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.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
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

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.

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 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.

Application	: Applied
Explanation on application of the practice	<p>The Board strongly endorses diversity as it is of the view that a diversified Board provides constructive debate and discussion which lead to greater effectiveness, creativity and capacity to thrive in a challenging and uncertain business environment. The Board takes into consideration and aims to make good use of the differences in the skills regional and industry experience, background, race, gender and other qualities of its Directors.</p> <p>The Board also strives to ensure that there is no discrimination on age, gender, ethnicity and cultural background when deciding candidates on the composition of the Board and in Senior Management team.</p> <p>The Nomination Committee (“NC”) has the responsibility for identifying, assessing and recommending the right candidates to the Board as well as reviewing and assessing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the following selection criteria:-</p> <ul style="list-style-type: none">(a) Specific knowledge, skills and relevant working experience (capability);(b) Training and qualifications (competence);(c) Time commitment of the candidate;(d) Independence and any conflicts of interest;(e) External directorship of the candidate;(f) Probity, integrity and reputation; and(g) Other considerations include age, cultural background and gender. <p>When identifying suitable candidates for appointment or assessing Board composition, the NC will consider candidates on merit against objective criteria and with due regard on the benefits of diversity on the Board and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience of the Board members.</p> <p>The appointment of Senior Management will be delegated to the Executive Directors in consultation with the and they will focus on their working experience, skills, competencies, integrity and commitment in the assessment of any potential candidate for recruitment as Senior Management personnel before recommending them to the Chairman</p>

	or the Executive Directors of the Company for approval and recruitment.	
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 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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The board is in the midst of identifying suitable female Director to comply with the requirement and it is hopeful to comply within the next 2 years.	
<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.	

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.

Application	:	Applied	
Explanation on application of the practice	:	There was no new appointment to the Board during the year under review. Nonetheless, the NC may refer to independent sources such as directors' registry, industry and professional associations or independent search firms to identify suitably qualified candidates for directorship, where and when necessary.	
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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by an Independent Non-Executive Director, Mark Chew Shin Yong.	
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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) is entrusted by the Board to annually review the effectiveness of the Board and Board Committees as well as the performance of all the Directors due for re-election and re- appointment having regard to the individual’s experience, contributions and performance and has made recommendation to the Board for their re-election and re-appointment to be tabled for shareholders’ approval at the forthcoming Annual General Meeting (“AGM”). The Board has endorsed the NC’s recommendations.</p> <p>The NC also reviewed annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. All the results were reported to the Board for notation and discussion, and where required, further improvements.</p> <p>Based on the assessment conducted for the financial year 2021, the Board and the NC were satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board members and the independence of its Independent Non-Executive 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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a process to determine the remuneration of directors and senior management, for Executive Directors, the remuneration scheme is structure based on corporate and individual performance. For Non-Executive Directors are remunerated based on their experiences and the level of responsibilities undertaken by the respective Non-Executive Directors concerned. As for senior management, yearly performance appraisal will be reviewed and approved by Executive Director.</p> <p>The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long- term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.</p> <p>In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the AGM based on recommendations 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

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.

Application	:	Applied													
Explanation on application of the practice	:	<p>The Board had established a Remuneration Committee ("RC") that consists of exclusively Independent Non-Executive Directors, as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation in RC</th> <th>Directorship</th> </tr> </thead> <tbody> <tr> <td>Mark Chew Shin Yong</td> <td>Chairman</td> <td>Independent Non-Executive Director (Chairman)</td> </tr> <tr> <td>Jean-Michel Fink</td> <td>Member</td> <td>Independent Non-Executive Chairman</td> </tr> <tr> <td>Ho Pui Hold</td> <td>Member</td> <td>Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The RC reviews and recommends the remuneration of the Executive Directors and Senior Management for the Board's approval pursuant to the Terms of Reference of RC as well as the remuneration of Non-Executive Directors for shareholders' approval. The Terms of Reference of the RC are disclosed in the Company's website.</p>		Name	Designation in RC	Directorship	Mark Chew Shin Yong	Chairman	Independent Non-Executive Director (Chairman)	Jean-Michel Fink	Member	Independent Non-Executive Chairman	Ho Pui Hold	Member	Independent Non-Executive Director
Name	Designation in RC	Directorship													
Mark Chew Shin Yong	Chairman	Independent Non-Executive Director (Chairman)													
Jean-Michel Fink	Member	Independent Non-Executive Chairman													
Ho Pui Hold	Member	Independent Non-Executive Director													
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 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.

Application	:	Applied	
Explanation on application of the practice	:	Details of the remuneration of individual directors on named basis during the financial year are disclosed in the Company's 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 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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not have any Key Senior Management for the financial year ended 30 June 2021.	
<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 7.3 - 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	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of Audit and Risk Management Committee is Mr Ho Pui Hold while the Chairman of the Board is Mr Jean-Michel Fink. The Company complied with Practice 8.1 of MCCG which stipulates that the Chairman of the ARMC is not the Chairman of 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

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the ARMC.	
		The Board will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the ARMC is a former key audit partner.	
<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 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has established a formal and transparent arrangement with its external auditors to meet their professional requirement. The Audit and Risk Management Committee meets with the external auditors to review the rationale of significant judgement, accounting principles and the operating effectiveness of internal controls and business risk management.	
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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted												
Explanation on adoption of the practice	:	<p>The Audit and Risk Management Committee ("ARMC") comprises three (3) members, all of whom are Independent Non-Executive Directors. The members of ARMC are as follows:-</p> <table border="1"><thead><tr><th>Name</th><th>Designation in RC</th><th>Directorship</th></tr></thead><tbody><tr><td>Mr Ho Pui Hold</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>Mr Jean-Michel Fink</td><td>Member</td><td>Independent Non-Executive Chairman</td></tr><tr><td>Mr Mark Chew Shin Yong</td><td>Member</td><td>Independent Non-Executive Director</td></tr></tbody></table>	Name	Designation in RC	Directorship	Mr Ho Pui Hold	Chairman	Independent Non-Executive Director	Mr Jean-Michel Fink	Member	Independent Non-Executive Chairman	Mr Mark Chew Shin Yong	Member	Independent Non-Executive Director
Name	Designation in RC	Directorship												
Mr Ho Pui Hold	Chairman	Independent Non-Executive Director												
Mr Jean-Michel Fink	Member	Independent Non-Executive Chairman												
Mr Mark Chew Shin Yong	Member	Independent Non-Executive Director												

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.

Application	:	Applied	
Explanation on application of the practice	:	Collectively, the members of the AC are financially literate and are able to understand the Company's business and matters under the purview of the AC including the financial reporting process. The qualification and experiences of the individual AC members are disclosed in the Profile of Board of Directors in the Annual Report 2021. The AC members will continue to undertake continuous training program to keep themselves abreast with relevant developments in accounting and auditing standards, practices and rules as and when required.	
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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders’ investments and the Company’s assets. The internal control system is designed to access current and emerging risks and respond appropriately to the risks encountered.</p> <p>Further details are set out in the Statement on Risk Management and Internal Control 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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of good risk management practices and sound internal controls as a platform to good corporate governance. The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity. In addition, the Board has also received assurance from the Executive Directors that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects.</p> <p>Details of the features of risk management and internal control framework, and the adequacy and effectiveness of this framework are contained in the Statement of Risk Management and Internal Control of the Company's 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

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.

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 10.1

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 carried out by an outsourced internal audit firm which is independent of the activities of audits. The internal auditor reports directly to the ARMC on the effectiveness of internal control of the Company annually and has direct access to the Board through the ARMC Chairman.</p> <p>The ARMC reviews and approves the Annual Internal Audit Plan and ensures internal auditor is accorded with appropriate resources and authority to facilitate the discharge of their duties.</p> <p>Details of the internal audit function are set out in the ARMC Report 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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The personnel of the Internal Audit firm appointed by the Company is free from any relationship or conflict of interest, which could impair their objectivity and independence. The independence of the internal audit function is evidenced from its direct reporting to the ARMC.</p> <p>The Chief Internal Auditor retains and exercises the right to meet with the ARMC in the absence of management.</p> <p>The internal auditors have full access to the Permaisuri Industries Group's entities, records and personnel.</p> <p>The Company has outsourced its internal audit function to an independent professional firm, GovernanceAdvisory.com Sdn Bhd ("GASB"), which is headed by Mr. Wong Tchen Cheg, who is a Member of Malaysia Institute of Accountant (MIA) and CPA Australia. The internal audit function consist of 7 personnel in the department which has adequate resources and appropriate standing to undertake its work independently and objectively to provide reasonable assurance to the ARMC with regard to the adequacy and effectiveness of risk management, internal control and governance processes. In performing the internal audit review, GASB refers to and is guided by The International Professional Practices Framework (IPPF) that includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.</p> <p>The activities of the Internal Auditor during the financial year ended 30 June 2021 are set out in the ARMC Report of the Annual Report 2021.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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.

Application	:	Applied	
Explanation on application of the practice	:	Information is made available to the shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Company’s corporate website. The AGM also provides the platform for dialogue and interaction with shareholders. Please refer to the Corporate Governance Overview Statement 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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Annual Report of the Company contained of the Financial Statements for the financial year and other information and disclosures to enable the shareholders and investors to have a better understanding of the Company's business and performance.</p> <p>The Company also maintains a corporate website which allows the shareholders and the public to access the information about the Company which includes corporate information, financial information, announcements and other relations.</p> <p>As the Company does not fall under the definition of "large companies", adopting a globally recognised integrated reporting framework is not in its current focus.</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 12.1

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 last AGM was held on 30 November 2020 and the Notice convening the AGM was sent to shareholders on 30 October 2020 which is in compliance with the MMLR of Bursa Securities and the Company's Constitution of at least 28 days.</p> <p>The forthcoming 25th AGM of the Company will be convened and held on 29 November 2021. The Notice of the 25th AGM will be sent to shareholders at least 28 days ahead of the meeting date together with the Audited Financial Statements and agenda for the meeting.</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 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.

Application	:	Applied	
Explanation on application of the practice	:	All members of the Board including the Chairman of ARMC, NC and RC of the Company have confirmed their attendance for the forthcoming AGM, barring any unforeseen circumstances.	
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 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.

Application	:	Applied	
Explanation on application of the practice	:	In line with the Government's initiative to curb the spread of Covid19 and Securities Commission's Guidance Note, the Group will conduct its 25th AGM on a fully virtual basis through live streaming and online remote voting.	
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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