

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8311
COMPANY NAME : Pesona Metro Holdings Berhad
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") is responsible for the stewardship of the Company's business and affairs with a view to enhance long-term shareholders' value as well as investors' interest while taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.</p> <p>The Board provides stewardship to the Group's strategic direction and operations. The Board is primarily responsible for reviewing and adopting a sustainable strategic business development plan, overseeing the conduct of the businesses and evaluating whether or not the businesses are being properly managed. During the financial year ended 31 December 2021 ("FY 2021"), the Managing Director updated the Board on the Group's business update, in particular the progress of the construction projects undertaken by the subsidiary companies, the challenges faced and cost management.</p> <p>To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to the Board Committees, namely Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") which operate within their respective Terms of Reference, a copy of which is available at the Company's website. The activities of each Committee are set out in the 2021 Annual Report.</p> <p>The principal roles and responsibilities of the Board are clearly defined in the Board Charter which is available on the Company's website at www.pesona.com.my.</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

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 Chairman of the Board, Dato' Sri Lee Tuck Fook is responsible for the leadership and effectiveness of the conduct of the Board. His duties, among others, include:</p> <ul style="list-style-type: none">(a) provides leadership for the Board so that the Board can perform its responsibilities effectively;(b) sets the Board agenda and ensures that Board members receive complete and accurate information in a timely manner;(c) leads Board meetings and discussions;(d) ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;(e) encourages active participation and allows dissenting views to be freely expressed;(f) manages the interface between Board and Management; and(g) leads the Board in adopting and implementing good corporate governance practices in the Company. <p>The roles and responsibilities of the Chairman are clearly specified in the Board Charter which is available on the Company's website.</p> <p>The Board had in September 2021 discussed the strategic, governance and operational issues of the Group. The relevant output had been communicated to the Management for their necessary action.</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 Company acknowledged the importance of clear division of power and responsibilities between the Chairman of the Board and the Managing Director. The position of the Chairman of the Board and Managing Director are separated and clearly defined in the Board Charter to ensure proper balance of power and authority and no individual has unfettered powers of decision and control. In addition, there is a balance of Executive, Non-Executive and Independent Directors in the Company.</p> <p>The Chairman, Dato' Sri Lee Tuck Fook is an Independent Non-Executive Director, and the Managing Director is Mr Wie Hock Beng.</p> <p>The Managing Director is primarily responsible for the effective implementation of the Company's strategic plan and policies established by the Board and managing the daily conduct of business.</p> <p>The Chairman leads and manages the Board so that the Board can perform its responsibilities.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Chairman of the Board, Dato' Sri Lee Tuck Fook is currently the Chairman of the NC and a member of the AC and RC.
	:	<p>The Chairman has been acting objectively and uphold his independence during the Board and Board Committees meetings of which he is either a Chairman or a member. The Chairman does not have any conflict of interest in all aspects of the Company and its subsidiaries nor holding shares in the Company, which may affect his independence or influence his judgement. The Chairman has been providing valuable insights and knowledge to the Board and each of the Board Committees which he sits in.</p> <p>However, the Board acknowledged that having the same person assuming the positions of Chairman of the Board and NC as well as a member of the AC and RC would give rise to the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the NC, AC and RC. As such, the NC had during the FY 2021 reviewed the composition of the Board and Board Committees of the Company and agreed to re-compose the composition of the Board Committees within the next two years.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by three (3) suitably qualified and competent Company Secretaries in discharging their functions. The Company Secretaries are experienced, competent and qualified under Section 235(2)(a) of the Companies Act 2016 in performing their duties. They are Fellow or Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretaries are responsible for:</p> <ul style="list-style-type: none">(a) attending Board and Board Committees meetings as well as general meetings and ensuring the proceedings of meetings are recorded;(b) advising the Board on its roles and responsibilities and on corporate disclosures and compliance with the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and other pertinent regulations governing the Company;(c) updating the Board on changes in statutory and regulatory requirements, principles and practices of corporate governance and legislations;(d) advising the Board on issues relating to the Company's Constitution, Board policies and procedure, statutory and regulatory requirements, and governance matters; and(e) maintaining statutory records of the Company. <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attending relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by MAICSA for practicing company secretaries.</p> <p>All Directors have ready and unrestricted access to the advice and services of the Company Secretaries and Senior Management and may also seek independent professional advice and information in the furtherance of their duties and responsibilities at the Company's expense, so as to ensure that the Directors are able to make independent and informed decisions. The appointment and removal of the Company Secretaries should be a matter for the Board as a whole.</p>

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

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY 2021, the Board and AC had 4 meetings respectively whilst the NC and RC had 2 and 1 meeting respectively. Prior to each meeting, all Board and Committee members are furnished with proper agenda (including minutes) with due notice issued and agenda papers containing the relevant information to be deliberated at the meeting. This is to accord sufficient time for the Directors and Board Committees members to review, consider and obtain further information or seek clarification on the matters to be deliberated at the meeting, if required.</p> <p>The Managing Director and/or Senior Management will summarise the discussion point and present during the meetings to facilitate discussion and deliberation by the Board and/or Board Committees.</p> <p>All pertinent issues discussed at the Board and Board Committees meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries, including matters where Directors abstained from voting and/or deliberation on a particular matter and any dissenting decisions by any members of the Board or Board Committees. The Minutes of meetings are circulated to all Directors for perusal prior to confirmation at the next meeting. In the intervals between Board meetings, Board's decisions or approvals for matters that are urgent or administrative in nature will be sought via circular resolutions which are supported with relevant information and explanations and the same applies to the Board Committees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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 its Charter which serves to ensure all Board members are fully aware of their roles and responsibilities. The Board Charter clearly sets out the Board practices and processes, roles and responsibilities of the Board, Chairman, Managing Director, the Executive and Non-Executive Directors, Senior Independent Director, Independent Directors, individual Directors and the Board Committees, including a formal schedule of matters reserved for the Board for consideration and decision. It also sets out the delegation of authority by the Board to the Board Committees namely, AC, NC & RC.</p> <p>The Board periodically reviews and updates the Board Charter to reflect the relevant practices and processes recommended in the Malaysian Code on Corporate Governance ("MCCG") and any new regulations that may have an impact on the Board in discharging their duties and responsibilities.</p> <p>The Board Charter is available on the Company's website at www.pesona.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had established a Directors' Code of Conduct & Ethics ("the Code") which applies to Directors and employees of the Company and its subsidiaries. The Code sets out the Group's value and principles to guide standards of behaviour and business conduct of Directors and employees when dealing with each other, shareholders and the broader community.</p> <p>The Code covers matters relating to working environment, protection of company's assets, conflict of interests as well as knowledge and information on prohibited activities or misconduct involving gifts, bribes, corruption and insider trading.</p> <p>In line with the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Board had reviewed, approved and adopted the Anti-Bribery and Corruption Policy which sets out rules and guidance to Directors, Senior Management, employees and business associates who work for and/or act for or on behalf of the Group on how to deal with improper solicitation, requests for bribes and other corrupt activities and issues that may arise in the course of business.</p> <p>The Code and the Anti-Bribery and Corruption Policy are accessible through the Company's website at www.pesona.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board had established a Whistleblowing Policy which sets out the procedures which must be followed to enable employees to voice their concerns without fears of retaliation and with the confidence that their complaints will be acted upon and their identities are kept confidential.</p> <p>During the FY 2021, no whistleblowing report was received by the AC.</p> <p>The Whistleblowing Policy is available on the Company’s website at www.pesona.com.my.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to operating in a sustainable manner that facilitates the delivery of holistic, long-term value to the stakeholders and the community at large while also contributing to the conservation of the environment. The mission of the Company is to develop a sustainable future via its continual efforts towards making sustainable progress on Economic, Environmental and Social ("EES"). Accordingly, the Board is ultimately accountable for ensuring that sustainability is integrated into the strategic direction and operation of the Company.</p> <p>A Sustainability Working Committee was established in 2018 to ensure that the Group's sustainability targets are attained in line with the group-wide implementation of policies and best practices. These sustainability targets are closely monitored by the Committee whose members are selected based on the relevance of their roles to the Group's sustainability material matters.</p> <p>The Company published its Sustainability Statement in its Annual Report. The Sustainability Statement encompassing the Group's on-going sustainability efforts, targets and achievements for each financial year as well as the various endeavours of the Group to uphold good and consistent EES practices.</p> <p>The Sustainability Statement is embedded in the 2021 Annual Report and is available at the Company's website at www.pesona.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board ensures that the sustainability strategies, priorities and targets as well as performance against these targets are developed and broadly monitored against a Sustainability Roadmap after a careful review of outcomes from the materiality assessment exercise and engagements with key internal and external stakeholders. There are four (4) targets covering key aspects of the Health & Safety, Labour Practices, Environment and Product Quality. To ensure the Company's sustainable growth, the Company is continuously fine-tuning the course of its core businesses. The comprehensive description of sustainability strategies, priorities and targets as well as performance against these targets are set out in the 2021 Annual Report (under Sustainability Statement).	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board continuously keep themselves abreast with and understanding to the sustainability agendas which are relevant to the Company and its business. The Management have been constantly updated the Board on quarterly basis on the relevant sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.</p> <p>In view of the increased interest from stakeholders and regulators on matters relating to sustainability, the Group will continue to engage its stakeholders and explore further improvement in conducting the business in a more sustainable manner. The Board is also mindful of the need to keep abreast of the external trends. If necessary, external consultants will be engaged to provide training and knowledge development on sustainability matters to 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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board’s annual evaluation for FY 2021 took into consideration the performance of the Board in addressing the Company’s material sustainability risks and opportunities. However, this was not applied to the performance evaluations of the Senior Management.	
		The NC, with the assistance of the Company Secretaries had carried out annual assessment and evaluation of the individual Directors, Board and Board Committees for FY 2021. The assessment process included among others a review on the overall performance and effectiveness of the individual Directors, Board and Board Committees in carrying out their duties and responsibilities as stipulated in the Board Charter and Terms of Reference.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible for the recommendation of the most suitable candidates to the Board and assessed the appropriateness of the Board composition to ensure that it is able to discharge its duties in an informed and conscientious manner.</p> <p>In addition, the NC in accordance with the Terms of Reference, is also tasked to review and assess the performance and contribution of Directors who are due for retirement and subject to re-election at the Annual General Meeting ("AGM") prior to recommending to the Board for consideration pursuant to the Constitution of the Company.</p> <p>In 2021, in considering the recommendation of Mr Wie Hock Beng and Puan Salwa binti Shamshuddin for re-election as Directors, the NC had reviewed and assessed the performance and contribution of these 2 Directors for the past year. The evaluation results were satisfactory and the NC then recommended the re-election of the aforesaid Directors to the Board and subsequently to the shareholders for approval at the 10th AGM held on 28 June 2021.</p> <p>In respect of FY 2021, the NC had in February 2022 conducted an annual assessment to evaluate the performance of the Board, Board Committees and individual Directors. Based on the annual assessment report, the NC was satisfied that the existing Board and Board Committees have the right mix of skills, professional background, knowledge and experience and the Directors (individually and collectively) have discharged their respective roles and responsibilities in a conscientious manner.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

Practice 5.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board currently has six members, comprising one Non-Independent Executive Director (being the Managing Director), two Non-Independent Non-Executive Directors and three Independent Non-Executive Directors. The Independent Directors, make up half of the composition of the Board. Their presence provides checks and balances on the Board as they are able to provide unbiased and independent views in Board deliberations and decision making, taking into account the interests of the Group, minority shareholders and the stakeholders.	
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

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

Practice 5.3

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board and the NC are fully aware that shareholders’ approval through a two-tier voting process is required to retain an Independent Director (“ID”) who has served in the Board in that capacity for more than nine (9) years.	
		The Board is of the view that the ability of an ID to exercise independent judgement and stand up for independent point of view are not affected by the length of his service as an ID.	
		Further, the NC had conducted an annual assessment on the independence of the IDs. The NC was of the view that the IDs fulfilled the criteria of “Independence” as defined under the Listing Requirements and other criteria under the MCCG. They have demonstrated conduct and behaviour that are essential indicators of independence and acted in a manner that provides the necessary checks and balances on the affairs of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is delegated with the responsibility of assessing and recommending suitable candidates of the appointment of Board and Senior Management taking into consideration their capabilities, professionalism, integrity, time commitment, expertise and experience.</p> <p>In identifying suitable persons for appointment as Directors, due consideration shall be given to the candidates' skills, knowledge, expertise and experience, commitment (including time commitment) professionalism, character, integrity, reputation and competence, boardroom diversity including gender diversity; and in the case of candidates for the position of Independent Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/ functions as are expected from Independent Directors.</p> <p>The Board upon the recommendation of the NC, evaluates and decides on the appointment of the proposed candidate to the Board.</p> <p>The appointment of Senior Management is based on predetermined criteria of skill sets and experience. The Group operates in a male-dominated industry and is therefore a relative male-dominated company. This is reflected in the numbers of male and female employees that make up the workforce in the Group.</p> <p>Based on the annual assessment for FY 2021, the Board concluded that the current Board composition consists of members that bring about diverse gender, skills, knowledge, expertise, experience, professionalism, integrity, competencies and independence. The Board was also satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. As at the date of the report, none of the Directors hold more than five directorships in listed issuer and no politician was appointed to the Board.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC will be guided by the principles mentioned under Practice 5.5. The NC will rely on sources from existing board members, Management, major shareholders or independent sources such as executive search firms etc. when the need arises.</p> <p>There was no new appointment of Director during the FY 2021.</p> <p>The procedures for appointing Directors are set out in the Terms of Reference of the Nomination Committee which is available at the Company's website at www.pesona.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

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

Practice 5.7

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The details of any interest, position or relationship of a director were not included in the statement accompanying the Notice of the 10th AGM of the Company.</p> <p>However, the Board and the NC had assessed the performance and contribution of the Directors who are seeking for re-election at the 10th AGM before tabling the same to the shareholders for approval in June 2021.</p> <p>The profile of the Directors who are seeking for re-election at the 11th AGM to be held in June 2022, including their age, gender, working experience, directorship in other public companies, as well as family relationship with any Director/ major shareholder of the Company are disclosed in the Explanatory Notes to the Notice of the 11th AGM for shareholders to make an informed decision on the re-election of a director.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Dato’ Sri Lee Tuck Fook, an Independent Director.	
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

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Group is an equal opportunity employer and all appointments to the Board and employment of all staff are based on objective criteria, merit, skills and experience and are not driven by age, cultural background or gender.	
		Currently, the Board comprises one (1) female Director namely, Puan Salwa binti Shamshuddin, which representing 16.67% of the total number of Board members. When the need arises, the Board will give more weightage on the appointment of woman Directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has yet to adopt a gender diversity policy for senior management during FY 2021 to formalise the gender diversification. The Board is of the view that it is important to recruit and retain the best available talent to optimise the effectiveness of the Board and senior management; taking into account the required mix of skills, character, knowledge experiences, and other requirements in meeting the needs and expectation of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	<p>The Company had in place a formal process for assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution by each Director, facilitated by the Company Secretaries where the members of the NC and/or Directors are required to complete a set of evaluation forms individually/collectively and the results were compiled by the Company Secretaries on a confidential basis. At the NC meeting, the NC reviewed the compiled results and discussed on the areas for improvement or actions required. Thereafter, the NC reported the same to the Board and recommended the necessary actions to be taken. No external facilitator has been used.</p> <p>Based on the annual assessment for FY 2021, the NC was satisfied that the existing Board and Board Committees have the right mix of skills, professional background, knowledge and experience and the Directors (individually and collectively) have discharged their respective roles and responsibilities in a conscientious manner.</p> <p>The Board also acknowledged the importance of gender diversity towards the Company and decided to source for additional women director with accounting or legal background.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had adopted a Remuneration Policy and Procedures for Directors and Senior Management which aims to attract, develop and retain high performing and motivated Directors and senior management with a competitive remuneration package.</p> <p>The RC is responsible for reviewing the remuneration package of the Directors on an annual basis and makes recommendation to the Board for approval. The Board then determines the remuneration of Director with the interested Directors abstaining from any deliberations or voting on their own remuneration.</p> <p>The fees and others benefits paid to the Non-Executive Directors for carrying their duties as Directors of the Company are approved by the shareholders at the AGM.</p> <p>The remuneration of the Senior Management is based on the responsibilities undertaken by the respective Senior Management. The review of the existing Senior Management's remuneration package is under the purview of the Managing Director which is performed annually and coincides with the employees' annual performance appraisal/ increment review.</p> <p>The RC will include "sustainability" as one of the Key Performance Indicators of the Directors and Senior Management moving forward.</p> <p>The Remuneration Policy and Procedures for Directors and Senior Management is available at the Company's website at www.pesona.com.my.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a RC, chaired by Mr Loh Kong Fatt, the Senior Independent Non-Executive Director. The Terms of Reference of the RC sets out its authority and responsibilities in relation to remuneration of the Board and Senior Management.</p> <p>The Director who is also shareholder of the Company had abstained from voting on the resolution pertaining to the approval of Directors' fees at the last AGM held in June 2021.</p> <p>The Terms of Reference of the RC is available at www.pesona.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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The Directors did not receive any remuneration from its subsidiaries except for the Managing Director. The breakdown of the remuneration of the Directors paid in the FY 2021 is as per below table.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Wie Hock Beng	Executive Director	0	0	570	0	28	68	666	0	0	570	0	28	68	666
2	Dato' Sri Lee Tuck Fook	Independent Director	84	0	0	0	3	0	87	84	0	0	0	3	0	87
3	Datuk Hj Subhi bin Dziyauddin	Non-Executive Non-Independent Director	60	0	0	0	3	0	63	60	0	0	0	3	0	63
4	Wie Hock Kiong	Non-Executive Non-Independent Director	60	0	0	0	3	0	63	60	0	0	0	3	0	63
5	Loh Kong Fatt	Independent Director	60	0	0	0	3	0	63	60	0	0	0	3	0	63
6	Salwa Binti Shamshuddin	Independent Director	60	0	0	0	3	0	63	60	0	0	0	3	0	63
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
----	-----------------	-----------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	In order to preserve confidentiality, avoid negative impact arising from such disclosure and more importantly, to maintain a stable and harmonious working environment to meet the Group’s long-term goals and strategies, the Company is not in favour of disclosing on a named basis the remuneration of the top five Senior Management’s remuneration component.	
		As an alternative, the Company has disclosed the remuneration of the Senior Management personnel in the band of RM50,000 in the Corporate Governance Overview Statement of the 2021 Annual Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the AC is Mr Loh Kong Fatt while the Chairman of the Board is Dato' Sri Lee Tuck Fook. Having the positions of Board Chairman and Chairman of the AC assumed by different individuals, it allows the Board to objectively review the AC findings and recommendations.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the need to uphold the independence of the External Auditors from the Board and Management. The Terms of Reference of the AC and the External Auditors' Assessment Policy currently provide that a former key audit partner is required to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC as to safeguard the integrity and independence of the audit process.	
		As at to date, none of the members of the AC or Board are former key audit partner of external audit firm(s) servicing the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The ARC had on 27 April 2022 revised its Terms of Reference as to comply with this best practices.	
Timeframe	:	Others	Applied on the financial year ending 31 December 2022

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC on an annual basis, assesses the external auditors' independence and effectiveness in performing the audit before recommending their re-appointment as the Company's External Auditors. The assessment on the suitability and independence of the External Auditors is covered under the Terms of Reference of the AC. In addition, the Company has also formalised an External Auditors' Assessment Policy.</p> <p>The AC has determined the non-audit service contracts which cannot be entered into with the External Auditors i.e. strategic decision, internal audit and policy and standard operating procedures documentation. The AC reviewed the nature and extent of non-audit services rendered by the External Auditors during FY 2021 and concluded that the provision of non-audit services did not compromise their independence and objectivity.</p> <p>The External Auditors of the Company did not fulfill the criteria set by the Audit Oversight Board on the need for the issuance of the Annual Transparency Report. Nevertheless, the AC had considered the External Auditors' resources, skills, knowledge, experience, independence and fees when reviewing their suitability and independence for FY 2021.</p> <p>Based on the annual assessment conducted on 28 February 2022, the AC was satisfied with the suitability and independence of the External Auditors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the AC are financially literate and have accounting or related financial management expertise.</p> <p>The members of the AC continuously apply critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenge Management's assertions on the Company's financials during the AC meeting.</p> <p>The AC members are encouraged to undertake professional development by attending trainings, workshops, seminars or briefings in order to keep abreast of relevant developments in accounting and auditing standards to enable them to sustain their active participation in the functions of the AC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has established a sound risk management and internal control framework to identify and assess the risks faced by the Group. The risk management report and the internal control report are presented to the AC on a quarterly basis.</p> <p>The Board, as a whole, would continue to monitor and review the effectiveness and adequacy of the Group’s risk management and internal control framework to ensure they continue to be resilient and reliable.</p> <p>Further details can be found in the Statement on Risk Management and Internal Control in the 2021 Annual Report.</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

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

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

Practice 10.2

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

Application	:	Applied	
Explanation on application of the practice	:	The details of the features of risk management and internal control framework and the adequacy and effectiveness of the framework are disclosed in the Statement on Risk Management and Internal Control in the 2021 Annual Report.	
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

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

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

Practice 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC of the Company is responsible for monitoring and reviewing the effectiveness of the internal audit function. The Company has appointed Tricor Axcelasia Sdn. Bhd. to manage the Company's internal audit function on an outsourced basis.</p> <p>The Internal Auditors report independently and directly to the AC in respect of the internal audit function by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistleblowing and governance processes. The AC together with the Internal Auditors agree on the scope and planned internal audit activities annually and all audit findings arising therefrom are reported to the AC on a quarterly basis.</p> <p>In addition, the AC meets the Internal Auditors at least once annually without the presence of Management. The Internal Auditors have unfettered access to the AC, the Board and Management as well as the Group's documents, records, properties and personnel.</p> <p>For further details, please refer to the AC Report of the 2021 Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 11.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function is outsourced to Tricor Axcelasia Sdn. Bhd. The Engagement Executive Director is Ms Melissa Koay who has diverse professional experience in internal audit, risk management and corporate governance advisory. She is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Ms Melissa Koay is also a Certified Internal Auditor.</p> <p>The number of staff deployed for the internal audit review is ranging from three (3) to five (5) staff per visit including the Engagement Director. The staff involved in the internal audit review possess professional qualifications and/or university degree. The internal audit personnel from Tricor Axcelasia Sdn. Bhd. are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>During the FY 2021, the internal audit reviews were carried out in accordance with the International Standards for Professional Practice of Internal Auditing.</p> <p>A statement on the Internal Audit Function with the required disclosures is available under the Statement on Risk Management and Internal Control in the 2021 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of timely and effective dissemination of material information to the shareholders and stakeholders. The Board ensures that shareholders are presented with a clear, balanced and meaningful assessment of the Company's financial performance and prospects through the audited financial statements, annual report, quarterly announcement, AGM and the Company's website. The Company's website includes an Investor Relations section which is accessible to the public and provides all relevant information on the Company.</p> <p>The Annual Report is the main channel of communication between the Company and its shareholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group.</p> <p>The AGM is another key channel of communication with shareholders that provides a useful platform for shareholders to engage directly with the Directors by providing their feedbacks and views including complains to the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	Due to the pandemic, the 10 th AGM of the Company was conducted fully virtual on 28 June 2021. The Notice of the 10 th AGM was issued and made available on the Company’s website and a nationally circulated newspaper on 28 May 2021, which is more than 28 days before the AGM.	
		The 11 th AGM is scheduled to be held on 28 June 2022 with the Notice be issued on 29 April 2022, giving the shareholders more than 28 days’ notice. In order to achieve the widest possible dissemination, the Company also published the notice of the 11 th AGM on the Company’s website and a nationally circulated newspaper.	
		Sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company’s AGM. The notice for the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.	
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

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Due to the pandemic, the 10th AGM was convened fully virtual through live streaming from an online meeting platform.</p> <p>All 6 Directors, including the Chairman of the Board Committees namely AC, NC and RC, attended the 10th AGM held on 28 June 2021 remotely to engage with the shareholders via live streaming. Senior Management, Company Secretary and External Auditors of the Company were also in attendance via video conference.</p> <p>Shareholders are encouraged to participate in the proceedings and raise questions before the resolutions are put to a vote. All issues and questions raised pertaining to the Company’s financial statements and business operations were responded by the Director(s) and Management team.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 10th AGM was conducted on fully virtual basis through live streaming and online remote voting via the remote participation and voting ("RPV") facilities at TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor").</p> <p>With the RPV facilities provided by Tricor, the following measures were implemented to encourage shareholders' attendance and participation and ensure that there will be no meeting interference and all participants' data are kept secure and safe:-</p> <ul style="list-style-type: none">(a) Administrative Guide was circulated to the shareholders together with the Notice of the 10th AGM as to facilitate remote participation and e-voting;(b) Electronic lodgement of proxy forms was provided by Tricor via TIIH Online website;(c) Electronic submission of questions by shareholders was allowed via TIIH Online prior to the date of meeting or during the meeting;(d) The AGM proceeding was live streamed to TIIH Online for remote participants to watch live; and(e) Tricor had put in place information technology security measures to prevent cyber threats and data breaches.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	Shareholders were given the opportunity to submit questions before the 10 th AGM via TIH Online portal or real time submission of typed text via the RPV facilities provided by Tricor. Sufficient time was allocated to address the questions and suggestions posed by the shareholders. The Minutes of the 10 th AGM together with the responses from the Board and/or Management team to questions raised by the shareholders was published on the Company's website within 30 business days after the 10 th AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The 10th AGM was conducted on fully virtual basis through live streaming and online remote voting via the RPV at TIIH Online website at https://tiih.online provided by Tricor. Shareholders were given the opportunity to submit questions before the 10th AGM via TIIH Online portal or real time submission of typed text via the RPV facilities provided by Tricor.</p> <p>Prior to the 10th AGM date, a dry run was conducted to ensure that the information technology infrastructure and the RPV facilities were in working order. Visual and audio tests were conducted to ensure that participants at other locations would be able to access the virtual meeting and participate in the 10th AGM without any hinderance. In addition, the meeting platform provided by Tricor allows shareholders to participate online, using smartphone, tablet or computer as well as viewing live webcast of 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 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Minutes of the 10 th AGM of the Company held on 28 June 2021 duly confirmed by the Board was uploaded to the Company's website at www.pesona.com.my on 9 August 2021 (i.e. within 30 business days after the 10 th AGM).
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

Click or tap here to enter text.

