

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 8311  
**COMPANY NAME** : Pesona Metro Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2023

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("the Board") is committed to observe the highest standard of corporate governance practices in achieving the objectives and long-term goals of the Company through culture, strategy, values and governance.</p> <p>The Board provides stewardship to the Group's strategic direction and operations and ensures that the strategies are aligned to the interest of the shareholders and other stakeholders. 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.</p> <p>During the financial year ended 31 December 2023 ("FY2023"), the Managing Director constantly 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 2023 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 <a href="http://www.pesona.com.my">www.pesona.com.my</a>.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is Dato' Sri Lee Tuck Fook who is responsible for instilling good corporate governance practices, leadership and effectiveness of the conduct of the Board. His duties, amongst others include:-</p> <ul style="list-style-type: none"> <li>(a) provides leadership for the Board so that the Board can perform its responsibilities effectively;</li> <li>(b) sets the Board agenda and ensures that Board members receive complete and accurate information in a timely manner;</li> <li>(c) leads Board meetings and discussions to ensures that the decisions are taken on a sound and well-informed basis;</li> <li>(d) encourages active participation and allows dissenting views to be freely expressed;</li> <li>(e) manages the interface between Board and Management by acting as the main conduit between the Board and Management;</li> <li>(f) ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and</li> <li>(g) leads the Board in adopting and implementing good corporate governance practices in the Company.</li> </ul> <p>The roles and responsibilities of the Chairman of the Board are clearly specified in the Board Charter of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of clear division of power and responsibilities between the Chairman and the Managing Director. The positions of the Chairman and Managing Director are separated and their respective responsibilities are clearly defined in the Board Charter to ensure a balance of power, authority and accountability and that no individual has unfettered powers of decision and control.</p> <p>The Chairman's position is held by Dato' Sri Lee Tuck Fook, an Independent Non-Executive Director whilst the position of Managing Director is held by Mr Wie Hock Beng.</p> <p>The Chairman leads the Board and guides the Managing Director in devising and implementing the Company's strategy and ensure the smooth functioning of the Board in the interest of good corporate governance whilst 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. The Managing Director is expected to act within all specific authorities delegated by the Board.</p> <p>The respective roles and responsibilities of the Chairman and the Managing Director are clearly stated in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: <p>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> <p>The Chairman has been acting objectively and uphold his independence during the Board and Board Committees meetings of which he is the Chair or a member. The Chairman is not involved in management and operational matters of the Company and does not have any conflict of interest in all aspects of the Group nor holding shares in the Company and its subsidiaries, which may affect his independence or influence his judgement. The Chairman has been providing valuable insights, constructive feedback and guidance on areas which should be improved, and advice and independent opinions to the Board and Board Committees which he sits in.</p> <p>The Board took cognisance that having the same person assuming the positions of Chairman of the Board as well as the Chairman or member of the Board Committees may give rise to 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 Board Committees at the Board meetings. The composition of the Board Committees would be restructured once additional independent directors have been identified.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	: Choose an item.

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is supported by two suitably qualified Company Secretaries in discharging their functions. Both of them are 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"><li>(a) attending Board and Board Committees meetings as well as general meetings and ensuring the proceedings of meetings are accurately and properly recorded;</li><li>(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;</li><li>(c) updating the Board on changes in statutory and regulatory requirements as well as principles and practices of corporate governance and legislations;</li><li>(d) advising the Board on issues relating to the Company's Constitution, Board policies and procedures, statutory and regulatory requirements, and governance matters; and</li><li>(e) maintaining statutory records of the Company.</li></ul> <p>The roles and responsibilities of the Company Secretaries are clearly specified in the Board Charter of the Company.</p> <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 the Companies Commission of Malaysia or MAICSA for practicing company secretaries during the FY 2023.</p> <p>All Directors have ready and unrestricted access to the advice and services of the Company Secretaries 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</p>

	appointment and removal of the Company Secretaries should be a matter for the Board as a whole.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

## Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board holds at least four meetings in a year to review and approve the financial, operational and business performance of the Group. Additional meetings will be held as and when required.</p> <p>To facilitate the Directors' time planning, an annual meeting calendar is distributed and tabled at the Board meeting in advance of each new financial year. The calendar provides Directors with scheduled dates for meetings of the Board, Board Committees and the Annual General Meeting ("AGM").</p> <p>During the FY2023, the Board and AC both held five meetings whilst the NC held one meeting and the RC held two meetings. 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>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by its Charter which serves as a primary reference and part of the induction literature that ensures 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 and 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”). The Board Charter was last reviewed on 30 November 2022 and is available on the Company’s website at <a href="http://www.pesona.com.my">www.pesona.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company had established a Directors' Code of Conduct &amp; Ethics ("the Code") which applies to Directors and employees of the Group. 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 stakeholders.</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>On top of the above, the Board had on 30 November 2022 adopted a Conflict of Interest Policy to ensure that actual, potential and perceived conflict of interest are identified and managed effectively and provide guidance to the Board and employees of the Group on how to deal with conflict of interest situations as they arise. The Directors are aware that they have to declare their interests in transactions with the Group and abstain from deliberation and voting in respect of the transactions at Board and general meetings convened to consider the matter. The AC is tasked to review all related party transactions and conflict of interest situations which arise within the Group that may challenge the Group's integrity.</p>

	The Code, Anti-Bribery and Corruption Policy as well as the Conflict of Interest Policy are accessible through the Company's website at <a href="http://www.pesona.com.my">www.pesona.com.my</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had established a Whistleblowing Policy which sets out the governance and standards required to promote an ethical, responsible, and secure whistleblowing practice within the Group. It provides an avenue for all its employees and members of the public to report or raise concerns of fraud, malpractices, illegal acts or improper conduct without fear of reprisals and unfair treatment of practices. The Whistleblowing Policy was communicated to the Group employees to create awareness among the employees.</p> <p>The Senior Independent Director shall provide oversight function over the administration of the Whistleblowing Policy. A whistle-blower can lodge reports to the Senior Independent Director and the Senior Independent Director has the responsibility to conduct investigation using appropriate channels, resources and expertise.</p> <p>During the FY2023, no whistleblowing report was received by the AC.</p> <p>The Whistleblowing Policy was last reviewed on 18 April 2024 and is available on the Company's website at <a href="http://www.pesona.com.my">www.pesona.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company is committed to operating in a responsible and 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.</p> <p>The mission of the Company is to develop a sustainable future via its continual efforts towards creating 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 ("Committee") reporting to the Executive Committee and subsequently to the Board 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 ongoing sustainability efforts, targets and achievements for the financial year under review and the immediate preceding three to five financial years 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 2023 Annual Report and is available at the Company's website at <a href="http://www.pesona.com.my">www.pesona.com.my</a>.</p>
<b>Explanation for departure</b>	:	

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



### Intended Outcome

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

### Practice 4.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledged that stakeholder engagement is an integral feature of corporate sustainability, serving as a platform for gaining better understanding on the expectations and aspirations of the stakeholders in order to carry out improvement in areas which is significance and relevant to all parties concerned.</p> <p>In communicating the sustainability matters, the Company maintains close communication with stakeholders through various types of stakeholders' engagement such as progress meeting (fortnightly) with clients and client satisfaction survey upon completion of the project, regular meetings with authorities and regulators, staff activities, toolbox meetings or weekly meetings with business partners ( i.e. suppliers and sub-contractors) and engagement with shareholders or investors through general meetings. These engagements are conducted both physically and virtually, as to ensure the Company's sustainability strategies and targets are effectively communicated to all stakeholders of the Company.</p> <p>The Board also 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.</p> <p>The Group had applied sustainability themes on (i) Health &amp; Safety, (ii) Labour Practices, (iii) Environment; and (iv) Profitability during the FY 2023. 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 2023 Annual Report (under Sustainability Statement).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board continuously keeps themselves abreast with and understanding the sustainability agendas and relevant sustainability developments by way of formal training, presentation of updates, structured reading and discussions.</p> <p>In addition, the Management has been constantly updated the Board on the latest 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.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Following the implementation of the MCCG which requires the integration of ESG consideration and sustainability targets into the performance evaluation forms of the Board and Senior Management, the Board and Senior Management annual evaluation forms were revised by including ESG factors in the said forms, to assess how well they have performed their roles in addressing the Group’s material sustainability risks and opportunities.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

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

## Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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>The NC in accordance with the Terms of Reference, is also tasked to review and assess the performance and contribution of retiring Directors including the fit and proper criteria as set out in the Company's Fit and Proper Policy, adopted by the Board on 29 June 2022 prior to recommending to the Board for consideration.</p> <p>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 their performance and contribution, and fit and proper declaration. Based on the annual assessment, the NC concluded that the retiring Directors met the fit and proper criteria set out in the Company's Fit and Proper Policy and have carried their duties and responsibilities effectively during FY2023. The NC then recommended the re-election of the aforesaid Directors to the Board and subsequently to the shareholders for approval at the 13<sup>th</sup> AGM to be held on 28 June 2024.</p> <p>The NC had also on 28 February 2024 conducted an annual assessment to evaluate the performance of the Board, Board Committees and individual Directors for FY2023. 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>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board currently has five members, comprising one Non-Independent Executive Director (being the Managing Director), one Non-Independent Non-Executive Director and three Independent Non-Executive Directors, representing 60% of the total Board members. The Independent Directors, make up majority 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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>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 years.</p> <p>The Company does not have a policy which limits the tenure of its IDs to nine years and does not advocate for a two-tier voting process as 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.</p> <p>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 MCGG. 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.</p> <p>The Board also updated its Board Charter by limiting the tenure of the IDs to not exceed a cumulative period of 12 years from the date of his first appointment as an Independent Director.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

<b>Timeframe</b>	:	Choose an item.	
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**Intended Outcome**

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

**Practice 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>	
<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

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

### Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of boardroom diversity and values the benefits that diversity can bring to the Board. The Board has delegated 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 to the NC.</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 FY2023, the Board concluded that the current Board consists of members that bring about diverse gender, skills, knowledge, expertise, experience, professionalism, integrity, competence 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>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC will be guided by the principles mentioned under Practice 5.5 while assessing and recommending suitable candidates for the appointment of Board and Senior Management.</p> <p>The NC also relies on the existing network and referrals from Directors, Management and major shareholders as a source for new directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business.</p> <p>There was no new appointment of Director during the FY2023.</p> <p>The procedures for appointing Directors are set out in the Terms of Reference of the NC which is available at the Company's website at <a href="http://www.pesona.com.my">www.pesona.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.7

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Shareholders were provided with detailed information on Directors who are standing for re-election at the Company's 13 <sup>th</sup> AGM to be held on 28 June 2024 via the Board of Directors' Profile disclosed in the Annual Report 2023.  The Board had also provided in the Explanatory Notes to the Notice of the 13 <sup>th</sup> AGM, a brief description of the Directors seeking re-election as well as the Board's statement relating to the reasons to support the NC's recommendation for the re-election to enable the shareholders making informed decision.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NC is chaired by Dato' Sri Lee Tuck Fook, an Independent Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>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.</p> <p>The Board currently comprises one woman Director namely, Puan Salwa binti Shamshuddin which represents 20% of the total number of Board members.</p> <p>The Board supports the aspirational target of 30% representation of women directors and endeavours to identify and source for a suitable candidate.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Diversity Policy of the Company which includes gender diversity for the Board and Senior Management is disclosed in the Annual Report.</p> <p>The Board had on 30 November 2022 established the policy on gender diversity for the senior management of the Company which is embedded in the Diversity Policy and the same is disclosed in the 2023 Annual Report.</p> <p>The Board strives to have at least 30% women director on Board and 20% women participation in Senior Management. These targets are outlined in the Diversity Policy which are available on the Company's website at <a href="http://www.pesona.com.my">www.pesona.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The NC is delegated by the Board to annually review the effectiveness of the Board and Board Committees as well as the performance of individual Directors by a formal process for assessment 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.</p> <p>At the NC meeting, the NC reviewed the summary of the results and discussed on the areas for improvement or actions required included the training needs of each individual directors. 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>Below are the criteria used to assess Board, Board Committees and each individual Director during FY2023:-</p> <p>(a) Board and Board Committees' assessment</p> <ul style="list-style-type: none"><li>• Board structure and composition;</li><li>• Board functionality;</li><li>• Boardroom conduct and activities;</li><li>• Management/Management presentation including succession planning and the Company's initiatives in addressing material sustainability risks and opportunities;</li><li>• Board skill sets; and</li><li>• Overall Board effectiveness.</li></ul> <p>(b) Directors' self and peer assessment</p> <ul style="list-style-type: none"><li>• Contribution to interaction;</li><li>• Quality of input;</li><li>• Understanding of roles and commitment; and</li><li>• Individual skill sets.</li></ul>

	<p>(c) Independent Directors' assessment</p> <ul style="list-style-type: none"> <li>• Criteria of Independence used in the definition of the "Independent Director" prescribed under the Listing Requirements;</li> <li>• Other criteria such as compliance of the Company's independence policies and the ability to deal with related party transaction and conflict of interest; and</li> <li>• Tenure of services as Independent Director of the Company.</li> </ul> <p>The feedbacks and inputs provided by the Directors in the evaluation forms were compiled by the Company Secretaries for deliberation at the NC meeting. The NC had subsequently tabled the outcome of the assessment together with the recommended action plans on areas for improvement to the Board at the Board meeting held on 28 February 2024.</p> <p>Based on the annual assessment for FY2023, the Board concluded that the Board has the right size, balance and composition in terms of mix of skills, experience and knowledge to optimise the Company's performance and strategic goals. The Board, Board Committees and each individual Director had discharged their duties and responsibilities effectively and contributed to the overall effectiveness of the Board and the Company. The Directors had demonstrated strong commitment and willingness devoting their time to responsibly fulfilling their duties and responsibilities as Directors of the Company.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

### Intended Outcome

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company had established a Remuneration Policy and Procedures for Directors and Senior Management which aims to attract, retain and motivate high-calibre Directors and Senior Management that can successfully run and manage the business of the Company.</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 Directors with the interested Directors abstaining from any deliberations or voting on their own remuneration. While reviewing and determining the remuneration package of the Directors and Senior Management, the ability to address the Company's material sustainability risks and opportunities has also been taken into consideration.</p> <p>The fees and 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 Remuneration Policy and Procedures for Directors and Senior Management was last reviewed on 18 April 2024 and is available at the Company's website at <a href="http://www.pesona.com.my">www.pesona.com.my</a>.</p>
<b>Explanation for departure</b>	:	Please provide an explanation for the departure.

	Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The RC is 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 on 28 June 2023.</p> <p>The Terms of Reference of the RC was last reviewed on 18 April 2024 and is available at <a href="http://www.pesona.com.my">www.pesona.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Directors did not receive any remuneration from its subsidiaries except for the Managing Director. The breakdown of the remuneration of the Directors paid for the FY2023 is as per table below:-





### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>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.</p> <p>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 2023 Annual Report.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the recommendation of the MCCG, the Terms of Reference of the AC sets out that a former audit partner of the external auditors of the Company is required to observe a cooling-off period of at least three years before being appointed as a member of the AC to safeguard the integrity of the audit of the Group's and Company's financial statements.</p> <p>To-date, none of the members of the AC are former key audit partners.</p> <p>The Terms of Reference of the AC is accessible at the Company's website at <a href="http://www.pesona.com.my">www.pesona.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible for assessing the independence and effectiveness of the external auditors in performing the audit before recommending to the Board their re-appointment as the Company's external auditors. The AC ensures that the independence and objectivity of the external auditors are not compromised in accordance with the criteria set out in the External Auditors' Assessment Policy adopted by the Company.</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 UHY, the External Auditors of the Company during FY2023 and concluded that the provision of non-audit services did not compromise their independence and objectivity.</p> <p>The AC had considered the External Auditors' resources, skills, knowledge, experience, independence and fees when reviewing their suitability and independence for FY2023.</p> <p>Based on the annual assessment conducted on 28 February 2024, the AC was satisfied with the suitability and independence of the External Auditors. The Board has agreed to recommend the re-appointment of UHY as External Auditors of the Company to the shareholders for approval at the forthcoming 13<sup>th</sup> AGM of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 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 active participation in AC deliberations. In addition, the AC received periodic updates from the External Auditors on the new accounting standards.</p> <p>On 28 February 2024, the NC conducted an annual review on the term of office, competency, and performance of the AC and its members via a combination of self and peer assessment via customised questionnaires. The results were satisfactory that the AC had carried out its roles and responsibilities effectively. The AC are financially literate, possess the appropriate level of knowledge, skills and experience, and have sufficient understanding of the Company's business to discharge its oversight responsibilities on the Group's financial reporting, risk management and internal control system.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

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

**Practice 10.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board 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 and subsequently reported to the Board.</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 2023 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 10.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The 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 2023 Annual Report.</p> <p>For FY2023, the Board is of the opinion that there is no significant weakness in the system of internal control, contingencies, or uncertainties that could result in material loss and adversely impact to the Group.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible for monitoring and reviewing the effectiveness of the internal audit function. The Company has appointed Tricor Axcelasia Sdn. Bhd. (“Tricor”). However, Tricor had in November 2023 withdrawn from the engagement as Internal Auditors and in placement thereof, Resolve IR Sdn Bhd was appointed as the new Internal Auditors of the Company.</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 of internal audit activities annually and all audit findings arising therefrom along with recommendations for improvement and Management’s responses to the findings and recommendations 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>The AC was satisfied with the adequacy of the scope, functions, competency and resources of the internal audit functions for the FY 2023.</p> <p>For further details, please refer to the AC Report of the 2023 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group’s internal audit function is outsourced to Tricor Axcelasia Sdn. Bhd. until they withdrawn from the engagement in November 2023. 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 3 to 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 on the engagement team are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>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 2023 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board 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 up-to-date information on the business, corporate governance, sustainability initiatives and financial information of the Group.</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. The Board, External Auditors and Company Secretary are present to answer any question raised.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 12<sup>th</sup> AGM of the Company was conducted virtually from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on 28 June 2023. The Notice of the 12<sup>th</sup> AGM was issued and made available on the Company's website and a nationally circulated newspaper on 28 April 2023, which is more than 28 days before the AGM.</p> <p>The 12<sup>th</sup> AGM is scheduled to be held on 28 June 2023 with the Notice be issued on 28 April 2023, giving the shareholders more than 28 days' notice. In order to achieve the widest possible dissemination, the Company also published the notice of the 12<sup>th</sup> AGM on the Company's website and a nationally circulated newspaper.</p> <p>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.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The 12<sup>th</sup> AGM was conducted virtually from the broadcast venue. All Directors, including the Chairman of the Board Committees namely AC, NC and RC as well as the Chief Financial Officer were present at the broadcast venue. The 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 vote. All issues and questions raised by the shareholders pertaining to the Company's financial statements and business operations were responded by the Board and/or Management.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 12<sup>th</sup> AGM was conducted virtually through live streaming and online remote voting via the remote participation and voting (“RPV”) facilities at TIIH Online website at <a href="https://tiih.online">https://tiih.online</a> provided by Tricor Investor &amp; 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> <p>(a) Administrative Guide was circulated to the shareholders together with the Notice of the 12<sup>th</sup> AGM as to facilitate remote participation and e-voting;</p> <p>(b) Electronic lodgement of proxy forms was provided by Tricor via TIIH Online website;</p> <p>(c) Electronic submission of questions by shareholders was allowed via TIIH Online prior to the date of meeting or during the meeting;</p> <p>(d) The AGM proceeding was live streamed to TIIH Online for remote participants to watch live; and</p> <p>(e) Tricor had put in place information technology security measures to prevent cyber threats and data breaches.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Shareholders were given the opportunity to submit questions before the 12 <sup>th</sup> 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 12 <sup>th</sup> AGM together with the responses from the Board and/or Management to questions raised by the shareholders were published on the Company's website within 30 business days after the 12 <sup>th</sup> AGM.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  



### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>As mentioned in Practice 13.2, 13.3 and 13.4, the 12<sup>th</sup> AGM of the Company was conducted virtually via an online meeting platform provided by Tricor.</p> <p>A step-by-step administrative guide was issued to assist shareholders on registration, participation and voting using the online meeting platform. To familiarise the shareholders with the use of RPV facilities, a step-by-step video guide on remote voting process and posing questions was presented before the voting commenced.</p> <p>Sufficient time were given to shareholders to submit questions via TIIH Online portal or real time submission of typed text via the RPV facilities provided by Tricor which was opened for login one hour before the meeting commenced.</p> <p>In addition, the questions received from shareholders were shown live in their native form via TIIH Online to further promote transparency</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Minutes of the 12 <sup>th</sup> AGM of the Company held on 28 June 2023 were uploaded to the Company's website at <a href="http://www.pesona.com.my">www.pesona.com.my</a> on 3 August 2023 i.e. within 30 business days after the 12 <sup>th</sup> AGM.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

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