

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4065
COMPANY NAME : PPB GROUP BERHAD
FINANCIAL YEAR : December 31, 2022

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 has oversight of the overall performance and effective control of PPB Group, setting and reviewing the strategic direction of the Group, and monitoring the implementation by management of that strategy including :</p> <ul style="list-style-type: none">• Approving the strategic direction of the Group;• Overseeing the conduct of the Group's businesses;• Overseeing the allocation of Group resources and monitoring the financial performance of the Group;• Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;• Monitoring and reviewing the Group's risk management system and internal control; and• Pursuant to the Group Corporate Disclosure Policy, overseeing an investor relations policy for effective communication with stakeholders. <p>The Group's strategic plan covers the main business segments, and aims to :</p> <ul style="list-style-type: none">• align the Group's business activities towards the achievement of its vision, mission and objectives;• provide a practical framework within which the businesses can operate and develop;• help management monitor and actualise investments, project development plans and prospects; and• facilitate discussion with stakeholders on the Group's businesses. <p>The Board approved the updated PPB Group Strategic Plan (2019-2023) in 2020. The Group Strategic Plan includes the 5-year strategic plans of the various business units which align with the Group's objectives in response to a dynamic environment; and include environmental, social and governance ("ESG") (ie sustainability) considerations.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman's responsibilities include the following :</p> <ol style="list-style-type: none">1. Provide Board leadership on policy formation and decision-making.2. Oversee and maintain regular dialogue with the Managing Director and/or Chief Executive Officers on strategic matters and consult the Board on any matter which may materially affect the financial position or business of the PPB Group.3. Ensure the integrity and effectiveness of the governance process of the Board.4. Ensure that management proposals are deliberated and examined by the Board, taking into consideration stakeholders' interests.5. Conduct and facilitate meetings of the Board to ensure that appropriate discussions take place and that relevant opinions among Board members are forthcoming.6. Organise information necessary for the Board to deal with the agenda and ensure that directors have full and timely access to information.7. Ensure that appropriate steps are taken to provide effective communication with stakeholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of Chairman and CEO are held by different individuals, namely Tan Sri Datuk Oh Siew Nam; and Mr Lim Soon Huat, the Managing Director.</p> <p>The Chairman’s duties and responsibilities are set out under Practice 1.2 above.</p> <p>The Managing Director is responsible for overseeing the development and operations of the Group’s businesses, and implementing corporate strategies and objectives adopted by the Board. His other responsibilities include pursuing growth in the Group’s operational and financial performance, ensuring that appropriate risk management and compliance procedures are in place, and overseeing human capital management.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Applied
Explanation on application of the practice	:	The Chairman of the board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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	:	The Board is supported by a company secretary who is qualified under Section 235(2)(a) of the Companies Act 2016.	
		In exercising their duties, directors have access to information within the Company, and to the advice and services of the company secretary whether as a full board or in their individual capacity. The company secretary also updates directors on statutory and regulatory requirements, and other governance matters relating to the discharge of their duties and responsibilities.	
Explanation for departure	:	The company secretary's qualifications and experience are set out on page 39 of the 2022 Annual Report.	
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 1.6

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>The Company endeavours to issue the agenda and board papers in sufficient time prior to board and board committee meetings (ie at least a week) to enable directors to appreciate the issues to be deliberated and where necessary, obtain any further explanations required. The meeting papers include updates on financial, operational and corporate developments of the Group. Directors are briefed at each board meeting on the Group’s activities and operations by the chief executives of the main business units.</p> <p>Minutes of board and committee meetings are reviewed and approved by the respective chairs before circulation to other board members, and confirmed at the next board or committee meeting.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is 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>A board charter sets out matters reserved for the Board's decision and outlines the Board's roles and responsibilities, including responsibility for environmental, social and governance ("ESG") matters pertinent and material to the Group and its stakeholders, and effective stakeholder communication and engagement. Together with the Group's strategic plan, the charter also serves as a source of reference and primary induction literature, providing insights to new Board members.</p> <p>The board charter is published on the Company's website : https://www.ppbgroup.com/index.php/governance-sustainability/corporate-governance/board-charter</p> <p>To ensure that the governance of the Group is in the Board's hands, there is a schedule of matters specifically for the Board's decision, including amongst others, the overall Group strategy and direction; major policies, appointment of board members and board committees; approval of financial statements, corporate plans and budgets, material acquisitions and disposals of major assets and investments.</p> <p>The Board's responsibilities to direct and have oversight of management in the business and operations of the Group are also set out in the charter. In addition, the various Board committees have their own terms of reference which set out their authority, scope and 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

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>A Group-wide Code of Conduct and Ethics ("Code") was adopted by the Board in 2018, and incorporated in the employee handbooks. The Code sets out the minimum standards of conduct and personal behaviour to maintain a uniform set of values and ethics within the Group. As the Code is embedded in the respective Group employee handbooks, all employees are required to comply with and observe the provisions therein.</p> <p>The Code is also published on the Company's website : https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/code-of-conduct-ethics</p> <p>The Group Anti-Bribery and Corruption ("ABAC") Policy and Procedures ("ABAC P&Ps") was updated in 2022, and the amendments included a 'No Gift Policy'. The ABAC P&Ps are applicable to all directors and employees of PPB Group as well as business associates. The updated ABAC P&Ps were subsequently communicated to all parties with whom the Group has business dealings and is accessible to the public via publication on the Group entities' corporate websites.</p> <p>The ABAC P&Ps are published on the Company's website : https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/anti-bribery-and-corruption-policy-and-procedures</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>A whistleblowing policy was first adopted by the Company in 2015 and incorporated in the employee handbook. This has been expanded and is now known as the 'Whistleblowing Policy and Procedures'. It has been adopted by the respective business units throughout the Group. The policy is designed to enable employees and other parties to raise concerns without fear of retribution; it provides a transparent and confidential process for dealing with concerns.</p> <p>The 'Whistleblowing Policy and Procedures' is published on the Company's website : https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/whistleblowing-policy-and-procedures</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has established a Sustainability Steering Committee (“SSC”) to assist it in carrying out its responsibility to deliver sustainable value to stakeholders through principles, policies, objectives and strategies of the Group. The SSC is chaired by the Managing Director of PPB and presently comprises the Group Head of Sustainability, PPB’s department heads, as well as chief executives and sustainability officers of the business segments.</p> <p>The respective business units set, monitor and review the environmental, social and governance (“ESG”)/sustainability targets, and report the performance/results achieved to the Board through the SSC.</p> <p>The present 5-year Group Strategic Plan (2019-2023) includes sustainability goals, strategies and plans. During the year, the Board adopted a 5-year sustainability roadmap for the period from 2022 to 2026, which translates the Group’s vision and strategy into targets and initiatives to be achieved within the set timelines.</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 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group’ annual sustainability targets and performance are reviewed by the Sustainability Steering Committee and approved by the Board before disclosure in the Sustainability Report which is uploaded to the websites of Bursa Malaysia and the Company.</p> <p>A summary of the sustainability report (under the section “PPB’s Commitment to Sustainability”) is also included in the 2022 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

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>During the year, the Sustainability Steering Committee reported to the Board on the progress of the Group’s sustainability strategy, targets, plans, budget and projects/activities. In 2022, the Board adopted a 5-year sustainability roadmap for the period from 2022 to 2026 which translates the Group’s vision and strategy into targets and initiatives to be achieved within the set timelines. The action plans in the roadmap are built on gaps identified in the Group’s ESG practices.</p> <p>The Board was briefed on the pertinent points highlighted in the key observations and recommendations in Bursa Malaysia’s annual sustainability disclosure reviews of sustainability statements on reports published by public listed companies.</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 4.4

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	:	<p>The board performance evaluation/assessment for FY 2022 included a review of the board members' performance in addressing environmental, social and governance ("ESG") matters which are pertinent to the Company.</p> <p>However, the senior management evaluation does not at present include their performance in addressing sustainability risks and opportunities. The board is of the opinion that there should be sufficient measurable and comparable data on ESG-linked performance targets before implementation.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	EGS-linked performance evaluation for senior management will be assessed in greater detail before being considered for implementation.
Timeframe	:	Within 2 years

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	:	Adopted
Explanation on adoption of the practice	:	<p>A Group Chief Sustainability Officer (“GCSO”) was appointed in 2017, who reports to the Sustainability Steering Committee (“SSC”). Her role and responsibilities during the year include assisting the SSC in the following :</p> <ul style="list-style-type: none">a. Develop and recommend for board approval the group sustainability policy;b. Review and report on the progress against the sustainability strategy, targets, plans and budget;c. Review and recommend for board approval the annual sustainability statement/report;d. Drive policy implementation and strategy and to meet the group’s sustainability objectives;e. Identify, communicate and promote best sustainability practices in the group; andf. Report twice yearly on the group’s sustainability projects/activities to the board.

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 Nomination Committee ("NC") reviews annually the Board's performance including performance evaluation of directors standing for re-election and assessment of the independent directors. The Board assessment in 2022 was carried out internally by way of performance self-assessment forms, under the following categories :</p> <ul style="list-style-type: none">• Board mix and composition• Board roles and responsibilities• Board meeting procedures• Effectiveness of the board committees• Board's relationship with management• Assessment of independent directors• Environmental, social & governance/sustainability matters <p>For the year under review, the Board is satisfied with the number and composition of its members and is of the view that the Board and Board Committees have discharged their respective duties and responsibilities effectively with the current mix of skills, knowledge, experience and strengths.</p> <p>The NC had carried out the necessary assessment of the retiring directors which includes the factors above as well as their independence, and participation and contributions at board/board committee meetings; and recommended the retiring directors for re-election. The Board has endorsed the NC's recommendation to re-elect the directors.</p> <p>The NC and Board also reviewed and recommended the proposed extension of the independent directors' tenure. The review includes an assessment of their independence, and their participation and contributions at board/board committee meetings before recommending to members for approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

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

Intended Outcome

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	:	There were eight directors on the Board in 2022, of whom five are independent. As such there is a majority of independent directors on the Board.	
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	:	<p>The board has agreed that annual shareholders' approval be sought to extend the tenure of directors who have served for more than nine years as an independent director.</p> <p>The tenures of Dato' Captain Ahmad Sufian @ Qurnain bin Abdul Rashid, Mr Soh Chin Teck and En Ahmad Riza bin Basir as independent directors exceeded nine years in June 2018, October 2021 and July 2022 respectively. Their tenures as independent directors were extended at the Annual General Meeting held on 12 May 2022.</p> <p>Notwithstanding that the above directors have served for more than nine years, the board is of the opinion that they are able to exercise their role as independent directors based on an annual evaluation.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	<p>The Board through the Nomination Committee had carried out the necessary assessment of the independent directors of the Company as follows :</p> <p>a) Dato' Sufian, Mr Soh and En Riza are able to exercise independent judgment and act in the best interest of the Company. They have effectively applied their experience and knowledge to discharge their duties and responsibilities as Directors of the Company; and</p> <p>b) They participate actively and contribute positively with unbiased views at board and committee meetings.</p> <p>c) The Company ensures that these directors also meet the criteria for independence in the Bursa Malaysia Securities Listing Requirements.</p>	
Timeframe	:	Others	This will be reviewed annually.

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The criteria for the evaluation of candidates for appointment as directors and to senior management positions include their qualifications, occupation, professional and business experience; and are subject to the Company and Group's requirements and operating environment. The selection of candidates for board and senior management positions is conducted in a professional, fair and confidential manner. Prospective candidates are not discriminated based on age, cultural background nor gender.</p> <p>The board strives to achieve a balance and mix of skills, experience and perspectives amongst the directors, to collectively bring a wider range of experience, business, financial and technical expertise for effective oversight of the group's diversified businesses, and fulfill the board's duties and responsibilities.</p> <p>During the annual board evaluation, the Nomination Committee inter alia, also reviews the other directorships of each board member, in addition to the assessment of their performance and contribution to the board during the year.</p> <p>The Board adopted a 'Directors' Fit and Proper Policy' in 2022, and the Company is also guided by the provisions therein for new board appointments as well as re-elections.</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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company had not previously utilised independent external sources to identify candidates for board positions.</p> <p>The Group recognises the importance of identifying and developing potential leaders and managers to fill key positions (whether on the board or senior management) in the Company and Group, from both internal and external sources. This is an on-going process based on the group's short and longer term needs in terms of the variety of skills, expertise, knowledge and experience.</p> <p>The Board is of the opinion that the present sources/methods of identifying candidates for board positions from existing directors, senior management or business associates etc, and who know the group's requirements better, have been effective and would offer a sufficient range of prospective candidates to meet them.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	<p>Although there is no fixed policy, the use of external independent sources for future board appointments is reviewed annually.</p> <p>When considering candidates for future board appointments, the Board will take into account the optimum mix of skills, experience, independence, diversity etc, based on the Group's needs and operating environment.</p>
Timeframe	:	Within 2 years

Intended Outcome

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

Practice 5.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The details of the directors' interests in the Company, position, qualifications and experience, directorships in listed companies and public companies, and their relationship with any other director and/or major shareholder of the Company are set out in the respective directors' profiles in the annual report.</p> <p>The directors standing for re-election at the annual general meeting are evaluated by the Nomination Committee, and recommended by the Board to members for approval.</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

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	:	Encik Ahmad Riza bin Basir, the Chairman of the Nomination Committee (“NC”) is an independent director. He was appointed as an independent director and also as Chairman of the NC in 2013. En Riza’s tenure as an independent director has been extended at the Annual General Meeting in 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In 2022, there were two women directors out of eight on the Board. This proportion was subsequently changed on 2 January 2023, when the number of women directors was increased to three out of a total of nine, representing 33% of the board.</p> <p>The board is mindful of board gender diversity, and it will be one of the factors to be considered in evaluating prospective candidates when a board vacancy arises.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will keep in mind that women candidates be considered in any board or senior management recruitment exercise. The number of women directors has exceeded 30% since January 2023.
Timeframe	:	Within 1 year

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 adoption of a formal gender diversity policy is reviewed and considered annually. The Board is of the opinion 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 and diversity of skills, experience, knowledge and independence, and based on the group's needs and operating environment.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Notwithstanding that a formal gender diversity policy has not been adopted, the Board is mindful of and will be guided by the applicable regulations and other provisions on gender diversity, and ensure that steps are taken to include women candidates in any board or senior management recruitment exercise.
Timeframe	:	Within 2 years

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	: Departure
Explanation on application of the practice	:
Explanation for departure	<p>The size and composition of the Board is reviewed annually by the Nomination Committee ("NC"), including the required mix of skills, competencies and experience relevant to the group's businesses.</p> <p>The Board's performance is also assessed every year, including an assessment of the independent directors. The board assessment in 2022 was carried out internally by way of performance self-assessment forms, under the following categories :</p> <ul style="list-style-type: none">• Board mix and composition• Board roles and responsibilities• Board meeting procedures• Effectiveness of the board committees• Board's relationship with management• Assessment of independent directors• Environmental, social and governance/sustainability matters <p>For the year under review, the Board is satisfied with the present number and composition of its members, and is of the view that the Board had discharged its duties and responsibilities effectively with the current mix of skills, knowledge, experience and strengths.</p> <p>The NC/Board has considered the engagement of independent experts to conduct board evaluations at periodic intervals, and decided that this is not required for the time being.</p> <p>Nonetheless, the use of external independent experts is reviewed and considered annually.</p> <p>The Board is of the opinion that the present evaluation which inter alia, is based on the guidance provided in the updated Corporate Governance Guide ("CGG") issued by Bursa Malaysia, is adequate. Members of the Board provide candid responses to the board assessment, which are discussed at the NC and board meetings.</p>

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

Measure	:	The use of external independent experts is reviewed and considered annually.	
Timeframe	:	Within 1 year	

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>There is presently no formal group policy on the determination of board and senior management remuneration. The Board approves or recommends the remuneration of executive and non-executive directors annually, based on the Remuneration Committee's ("RC") review and recommendations.</p> <p>Senior management remuneration is determined by the respective business units, taking into account factors such as the companies' performance, their diverse business activities, operating environments and each employee's individual roles and responsibilities.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	<p>The Managing Director's remuneration is reviewed annually by the RC and recommended for Board approval. His remuneration is determined taking into account his duties and responsibilities as Managing Director of PPB Group Berhad, as well as his roles in various capacities in the main business units, and the group's performance during the year.</p> <p>For non-executive directors, the level of remuneration reflects the scope of their duties, roles and responsibilities. The non-executive directors' remuneration (fees and other benefits) is also reviewed annually by the RC and board, and recommended for shareholders' approval.</p>
Timeframe	:	Within 2 years

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Remuneration Committee ("RC") comprises entirely of non-executive directors, a majority of whom are independent. There are written terms of reference ("ToR") which govern its functions. In respect of FY2022, the RC reviewed and recommended the following :</p> <ul style="list-style-type: none">• the remuneration package of the Managing Director which took into account his job responsibilities and the group's performance;• the directors' benefits which included medical/hospitalisation and insurance; and• the proposed directors' fees and provision for directors' benefits for shareholders' approval. <p>The Managing Director does not participate in the board's deliberation and decision on his remuneration, and the respective directors who are also shareholders of the Company abstain from voting at the AGM to approve their fees.</p> <p>The RC's ToR are not presently published on the company's website.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The publication of the RC's ToR on the company website will be reviewed again in 2023.
Timeframe	:	Within 1 year

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	:	

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	Tan Sri Datuk Oh Siew Nam	Non-Executive Non-Independent Director	500	8	-	-	35	-	543	500	8	-	-	35	-	543
2	Lim Soon Huat	Executive Director	-	-	1,200	2,300	36	561	4,097	30	-	1,200	2,300	36	561	4,127
3	Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	Independent Director	109	16	-	-	-	-	125	109	16	-	-	-	-	125
4	Datuk Ong Hung Hock	Non-Executive Non-Independent Director	92	12	-	-	-	-	104	92	12	-	-	-	-	104
5	Soh Chin Teck	Independent Director	121	23	-	-	-	-	144	121	24	-	-	-	-	145
6	Ahmad Riza bin Basir	Independent Director	89	16	-	-	-	-	105	89	16	-	-	-	-	105
7	Tam Chiew Lin	Independent Director	106	17	-	-	-	-	123	106	17	-	-	-	-	123
8	Tengku Nurul Azian binti Tengku Shahrman	Independent Director	82	13	-	-	-	-	95	82	13	-	-	-	-	95
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	:	<div>The remuneration of the top five senior management of the PPB Group (excluding those who are also Directors of PPB) paid/payable for FY 2022 on an aggregated basis is as follows :</div> <table><tr><th>Remuneration bands</th><th>Number of senior management staff</th></tr><tr><td>RM1,000,001 – RM1,050,000</td><td>1</td></tr><tr><td>RM1,450,001 – RM1,500,000</td><td>1</td></tr><tr><td>RM1,650,001 – RM1,700,000</td><td>1</td></tr><tr><td>RM1,750,001 – RM1,800,000</td><td>1</td></tr><tr><td>RM1,950,001 – RM2,000,000</td><td>1</td></tr></table> <div>The Group senior management remuneration is commensurate with their duties and responsibilities, the performance of the respective company or business entity, and the operating environment. Due consideration is given to attract and retain senior management who can carry out their roles effectively, without excessive remuneration payouts.</div> <div>The Board is of the opinion that the disclosure of the senior management’s names and remuneration components would not be in the best interest of the Group due to confidentiality, business and personal security concerns.</div> <div>The above disclosure is deemed sufficient to enable stakeholders to assess senior management remuneration vis a vis the group’s performance.</div>	Remuneration bands	Number of senior management staff	RM1,000,001 – RM1,050,000	1	RM1,450,001 – RM1,500,000	1	RM1,650,001 – RM1,700,000	1	RM1,750,001 – RM1,800,000	1	RM1,950,001 – RM2,000,000	1
Remuneration bands	Number of senior management staff													
RM1,000,001 – RM1,050,000	1													
RM1,450,001 – RM1,500,000	1													
RM1,650,001 – RM1,700,000	1													
RM1,750,001 – RM1,800,000	1													
RM1,950,001 – RM2,000,000	1													
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.														
Measure	:	A more detailed disclosure of senior management’s remuneration will be made should the Board consider that such disclosure would be useful for stakeholders and not detrimental to the interests of the Company and group.												

Timeframe	:	Others	This will be reviewed and considered on an annual basis.
------------------	---	--------	--

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	:	Mr Soh Chin Teck, the Chairman of the Audit and Risk Committee (“A&RC”) is an independent director, and he is not the Chairman of the Board. The A&RC Chairman is a member of the Malaysian Institute of Accountants; his qualifications and experience are set out in his profile on page 33 of the 2022 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

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company's 'Policies and Procedures to assess the Suitability, Objectivity and Independence of External Auditors' were revised in 2017 to incorporate this additional provision for a 'cooling off period'. There was no appointment of any former key audit partner to the Audit and Risk Committee in FY 2022.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is 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>This is set out in the Company's 'Policies and Procedures to assess the Suitability, Objectivity and Independence of External Auditors'.</p> <p>There is an annual evaluation of the external auditors before the Audit and Risk Committee ("A&RC") considers and recommends the auditors for appointment by shareholders. For FY 2022 the evaluation of the auditors covered the following areas :</p> <ul style="list-style-type: none">• Calibre of external audit firm• The firm's quality control processes/performance• The audit team's skills and capability• Independence and objectivity• Audit scope and planning• Audit fees• Audit communications <p>The evaluation of the auditors was conducted by way of a questionnaire completed by the auditor, which was discussed by the A&RC before recommending the auditors for re-appointment by shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Adopted
Explanation on adoption of the practice	:	All four members of the Audit and Risk Committee are independent directors.

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 Audit and Risk Committee (“A&RC”) possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the A&RC’s terms of reference. An annual self and peer evaluation of the committee as a whole, is carried out and reviewed by the Nomination Committee.</p> <p>The A&RC members’ profiles are set out on pages 31, 33 and 34 of the 2022 annual report.</p> <p>All the A&RC members attended the Company’s annual directors’ training held on 3 November 2022. The A&RC members also attended the Group’s annual anti-bribery and corruption, and cyber-security awareness training sessions.</p> <p>In addition, the following A&RC members also attended other courses, and the topics included the following :</p> <table><tr><th>Name of Director</th><th>Title/Subject</th></tr><tr><td>Dato’ Capt Ahmad Sufian @ Qurnain bin Abdul Rashid</td><td>➤ International Directors Summit 2022</td></tr><tr><td>Soh Chin Teck</td><td>➤ Detecting & Deterring Financial Statement Fraud ➤ International Directors Summit 2022</td></tr><tr><td>Tam Chiew Lin</td><td>➤ BNM-FIDE Forum MyFintech Week Masterclasses ➤ BNM’s MyFintech Week 2022 ➤ IT Infrastructure and Cybersecurity ➤ BNM-FIDE Forum Dialogue : Licensing Framework for Digital Insurers and Takaful Operators ➤ BNM-FIDE Forum Dialogue : Climate Risk Management and Scenario Analysis ➤ Inflation, Looming Recession & Climate Change : A Tricky Balancing Act?</td></tr></table>	Name of Director	Title/Subject	Dato’ Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	➤ International Directors Summit 2022	Soh Chin Teck	➤ Detecting & Deterring Financial Statement Fraud ➤ International Directors Summit 2022	Tam Chiew Lin	➤ BNM-FIDE Forum MyFintech Week Masterclasses ➤ BNM’s MyFintech Week 2022 ➤ IT Infrastructure and Cybersecurity ➤ BNM-FIDE Forum Dialogue : Licensing Framework for Digital Insurers and Takaful Operators ➤ BNM-FIDE Forum Dialogue : Climate Risk Management and Scenario Analysis ➤ Inflation, Looming Recession & Climate Change : A Tricky Balancing Act?
Name of Director	Title/Subject									
Dato’ Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	➤ International Directors Summit 2022									
Soh Chin Teck	➤ Detecting & Deterring Financial Statement Fraud ➤ International Directors Summit 2022									
Tam Chiew Lin	➤ BNM-FIDE Forum MyFintech Week Masterclasses ➤ BNM’s MyFintech Week 2022 ➤ IT Infrastructure and Cybersecurity ➤ BNM-FIDE Forum Dialogue : Licensing Framework for Digital Insurers and Takaful Operators ➤ BNM-FIDE Forum Dialogue : Climate Risk Management and Scenario Analysis ➤ Inflation, Looming Recession & Climate Change : A Tricky Balancing Act?									

		<ul style="list-style-type: none"> ➤ Briefing : Module 2 Shariah Governance Code & Ethic and Business Plan ➤ Briefing by Ernst & Young PLT on MFRS 17
	Tengku Nurul Azian binti Tengku Shahriman	<ul style="list-style-type: none"> ➤ TCFD Corporate Disclosure Training Programme 101 ➤ Progress update meeting for Sustainable Development Solutions Network Project ➤ PowerTalk ESG Series #1 – Plan your ESG Journey : Lessons for the Boardroom ➤ International Directors Summit 2022 ➤ Sustainable Supply Chain Financing ➤ Becoming a Future Focused Risk Management Committee ➤ Securities Commission's AOB conversation with Audit Committees
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>A risk management and internal control framework has been established which covers the Group's risk assessment process and internal controls, with oversight and reporting on the effectiveness of this function.</p> <p>The risk management framework and internal control system are designed to identify, evaluate and manage risks that may prevent the achievement of the business objectives and strategies within the Group's risk appetite, rather than to eliminate risks. Therefore, it provides reasonable but not absolute assurance against material misstatement, fraud or loss.</p> <p>The Statement on Risk Management and Internal Control set out on pages 63 and 64 of the 2022 annual report provides a more detailed description of the state of risk management and internal controls.</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 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The main features of the Group's risk management framework and internal control system cover the following areas :</p> <ul style="list-style-type: none">• <u>Control environment</u> Staff integrity at all levels is considered of utmost importance, and this is pursued through comprehensive recruitment, appraisal and reward programmes. There is a Group organisation structure within which business activities are planned, controlled and monitored. <p>The Group's culture and values, and the standard of conduct and discipline it expects from employees are communicated to them via the employee handbook or letters of appointment.</p> <ul style="list-style-type: none">• <u>Risk management framework</u> A formal group-wide enterprise risk management framework has been established, which is aligned to ISO31000: Risk Management, covering the Group's core business activities to identify, evaluate and manage significant business risks faced by the group. <p>This process was in place throughout the year and is regularly reviewed and monitored by the Audit and Risk Committee ("A&RC") for its adequacy and effectiveness and reported accordingly to the Board.</p> <ul style="list-style-type: none">• <u>Control activities</u> The Group has in place a system to ensure that there are adequate and effective risk management, financial and operational policies and procedures and rules relating to the delegation and segregation of duties. <p>There are budgets requiring Board approval, which are reviewed and revised on a regular basis.</p> <ul style="list-style-type: none">• <u>Information and communication</u> There is a system of financial reporting to the board, based on quarterly results and annual budgets. Key risks and operational performance indicators are monitored and reported to the Board. <p>Whistleblowing policies and procedures are in place to provide a platform for employees and other parties to report on actual or suspected malpractice, misconduct or violation of applicable laws and regulations, and the Group's policies, in a responsible and effective manner.</p>

	<ul style="list-style-type: none"> • Monitoring Monitoring of the group's significant business risks is embedded within the Group's risk management process described above. A control self-assessment system is also in place for management to monitor critical and routine risk areas under their jurisdiction using an internal control checklist. <p>The adequacy and effectiveness of the Group's risk management, internal control and governance processes are reviewed and monitored by the A&RC, which receives regular reports from the internal auditors. Formal procedures are in place for actions to be taken to remedy any significant failings or weaknesses identified in these reports.</p> <p>There were no significant risk management and internal control failings or weaknesses which resulted in material losses or contingencies during the financial year.</p> <p>The Statement on Risk Management and Internal Control set out on pages 63 and 64 of the 2022 annual report provides a more detailed description of the state of risk management and internal controls.</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 10.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's internal audit function is carried out by PPB's Internal Audit Department ("IAD"), which reports functionally to the Audit and Risk Committee ("A&RC").</p> <p>The IAD has access to the Board through the A&RC and is independent of the activities it audits. IAD's authority, scope and responsibilities are governed by an internal audit charter approved by the A&RC, which is in compliance with the International Professional Practices Framework (IPPF) 2017 of the Institute of Internal Auditors ("IIA"). Based on an external quality assessment review carried out in 2019, the IAD's activities generally conform with the IIA Standards and IIA's Code of Ethics.</p> <p>The A&RC's oversight of the internal audit function includes the following:</p> <ul style="list-style-type: none">• Review the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.• Review the internal audit plan, processes, the results of the internal audit assessment, any investigation undertaken and whether appropriate action is taken on the recommendations.• Ensure that the internal audit function is effective and able to function independently.
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>In accordance with PPB's Internal Audit Department ("IAD") charter, all audit staff of the IAD have confirmed that they are in compliance with IAD's objectivity, independence, and no-conflict-of-interest requirements.</p> <p>The activities and processes of IAD are guided by its charter and generally conform to the 'International Standards for the Professional Practice of Internal Auditing', 'Code of Ethics' and 'Definition of Internal Auditing' in the International Professional Practices Framework of the Institute of Internal Auditors Malaysia ("IIAM").</p> <p>In 2022, the IAD was led by Mr Seng Kian Aik, the Group Head of Internal Audit. Mr Seng is a member of the Institute of Internal Auditors Malaysia, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Chartered Accountants Australia and New Zealand.</p> <p>The IAD's head count as at 31 December 2022 was 9. The total cost incurred by IAD for the internal audit function of the group for FY 2022 was about RM2.2 million.</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>PPB's Corporate Disclosure Policy ("CDP") sets out the disclosure policies and procedures taking into consideration the spirit, intention and purpose of the requirements and obligations prescribed by the Bursa Securities Main Market Listing Requirements. It provides a framework for the board, management and relevant staff to communicate effectively with stakeholders and the public generally. The policy may be viewed at the Company's website : https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/corporate-disclosure-policy</p> <p>The Company endeavours to provide shareholders, the investing community, the media and other stakeholders with timely, accurate, clear and equal access to material information on the Company's performance and operations.</p> <p>PPB's investor relations programme is directed at both individual and institutional investors, the objective of which is to maintain ongoing awareness of the Company's performance amongst shareholders, media and the investing community.</p> <p>The principal sources of information disseminated by the Company during the year include the annual report, quarterly investor updates, news releases to announce the financial results and important events relating to the Group via the company website and local media (where applicable).</p> <p>At annual general meetings, shareholders can express their views or raise questions relating to the Group's financial performance and business operations. The Company conducted two analyst briefing sessions in 2022 after the release of the half-yearly and full-year results; this is part of the regular dialogue between senior management and the investing community. Media conferences are also held together with such briefings for consistent dissemination of information to the public. At these events, the Managing Director of PPB and chief executives of the principal business units are present to address questions on the Group's businesses.</p> <p>At other times, the Company makes every attempt to meet requests for meetings or information from the investing community.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that there must be sufficient timeframe for integrated reporting to be better understood and appreciated by management; and that there should be minimal duplication of the same information required to be disclosed pursuant to other legislation and requirements.	
		The annual report presently contains financial and non-financial information which may be considered to provide a fairly comprehensive overview of the Group.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board has agreed to consider the adoption of integrated reporting subject to a study by management on the feasibility, requirements etc.	
Timeframe	:	Others	This will be reviewed annually.

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In 2022 the notice of annual general meeting (“AGM”) was issued not later than 28 days before the meeting together with the annual report. This is above the minimum notice period prescribed in both the Companies Act 2016 and Bursa Malaysia Securities Main Market Listing Requirements.</p> <p>The AGM notice sets out the resolutions to be tabled and includes explanatory notes and other relevant information on the matters to be discussed and decided at the AGM.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>It is the Company's practice that all directors including the respective chairs of the various board committees attend shareholders' meetings, and are available to deal with any questions on matters under their purview.</p> <p>All the directors attended the AGM held on 12 May 2022, which was conducted entirely via live streaming.</p> <p>Shareholders submitted their questions, both prior to the AGM, and in real time to the board during the meeting (using the query box function). Questions from shareholders relating to the Company's financial and business operations were dealt with by the Chairman, Managing Director and Group Chief Financial Officer of 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

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 Company utilised technology to conduct the AGM in 2022 entirely via live streaming and online remote voting; which enabled shareholders to participate and vote remotely, notwithstanding the imposition of the Movement Control Order and observance of safety requirements.</p> <p>Shareholders were able to exercise their votes either in person, or appoint a representative or proxy to participate and vote on their behalf using remote participation and voting facilities. Voting was by poll, which was conducted electronically and verified by an independent scrutineer.</p> <p>The Company sought confirmation from the external service provider ("ESP") on their cyber-hygiene practices to ensure data privacy and security to prevent cyber-threats. The Company's IT Department performed a third party security assessment due diligence, and concluded that the ESP had implemented and achieved necessary cybersecurity controls and protection to safeguard shareholder Data and privacy, and against prevalent cyber-threats.</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 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The 53rd Annual General Meeting ("AGM") held on 12 May 2022 was conducted entirely via live streaming and online remote voting using remote participation and electronic voting facilities.</p> <p>Shareholders were able to submit questions relating to the agenda items of the AGM and/or the annual report from the date of issuance of the AGM notice via the external service provider's portal or submit their questions for the Chairman/Board during the AGM using the messaging window facility via the virtual meeting portal.</p> <p>The questions posed by the shareholders were dealt with by the Chairman, Managing Director and senior management.</p>
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	At the 53rd AGM in 2022, the Group Chief Financial Officer responded to the questions received from the Minority Shareholders Watch Group, and these questions were visible to members participating in the AGM.
		Questions submitted by members whether prior to, or during the AGM were read out by the Chairman; and dealt with either by himself, the Managing Director and/or other senior management.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	A summary of the questions posed by members prior to, or at the AGM and the corresponding responses is included in the AGM minutes, which are uploaded to PPB's website.
Timeframe	:	Within 1 year

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 53rd Annual General Meeting were uploaded to the Company's website no later than 30 business days after the meeting. The above minutes may be viewed at the Company's website : https://www.ppbgroup.com/images/pages/investor-relations/annual_general_meeting/53rd_agm/53rd_AGM_minutes.pdf
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.

