

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6637
COMPANY NAME : PNE PCB Berhad (“PNE” or “the Company”)
FINANCIAL YEAR : March 31, 2024

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") oversees the performance and operations of PNE and its subsidiaries (the "PNE Group" or the "Group"). The Board sets the Group's strategic objectives and ensures the necessary resources are available to achieve these goals. They provide guidance, stewardship, and direction for the Management and development of the Group's business, focusing on both short-term and long-term objectives. The Board delegates the execution and monitoring of these directives and control systems to the Management.</p> <p>The Board ensures the Management upholds effective governance and internal controls, assuring efficient operations and compliance with laws and regulations. The Board discharges its fiduciary duties and leadership guided by the principles and guidelines outlined in the Board Charter.</p> <p>In carrying out its responsibilities, the Board has:-</p> <ul style="list-style-type: none">• Reviewing and adopting the overall strategic direction, business plans, annual budgets of the Group, including major capital commitments.• Overseeing and evaluating the conduct and sustainability of the businesses of the Group.• Reviewing and approving of new ventures, major acquisitions and disposal of undertakings and properties.• Identifying principal risks and ensuring implementation of appropriate systems to manage and monitor significant financial and non-financial risks.• Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.• Establishing key performance indicators and ensuring that senior management has the necessary skills and experience for the orderly succession of the board and senior management.

	<ul style="list-style-type: none"> Overseeing the development and implementation of the shareholder communications policy for the Company. <p>For the effective function of the Board, the Board has also delegated specific responsibilities to the following Board Committees within their respective Terms of Reference (“TOR”):-</p> <p>(a) Audit Committee (“AC”); (b) Nomination Committee (“NC”); and (c) Remuneration Committee (“RC”).</p> <p>The ultimate responsibility for the final decision on all matters deliberated in these committees, however, lies with the Board. In addition, the Chairman of the relevant Board Committees also reports to the Board on key issues discussed during the respective committee meetings.</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 of the Board, Dato' Nik Ismail Bin Dato' Nik Yusoff ("Dato' Nik"), holds an Independent Non-Executive position is responsible for leading the Board to ensure its effectiveness, integrity, and the entrenchment of good corporate governance practices within the Group.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter. The responsibilities of the Chairman, amongst others, are as follows:-</p> <ul style="list-style-type: none"> i. To provide leadership to the Board. ii. To oversee the effective discharge of the Board's supervisory role. iii. To facilitate the effective contribution of all Directors. iv. To conduct and chair Board Meetings and General Meetings of the Company. v. To manage Board communications and Board effectiveness and effective supervision over Management. vi. To ensure that quality information to facilitate decision-making is delivered to the Board in a timely manner. vii. To ensure Board Meetings and General Meetings comply with good conduct and best practices. viii. To promote constructive and respectful relations among Board members and between the Board and the Management. <p>Dato' Nik will continue to instil good corporate governance practices, leadership and effectiveness of the Board. The full profile of Dato' Nik is in the Directors' Profile of the annual report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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 Executive Directors are exercised by different individuals and are clear and distinct which held by different individuals. Dato' Nik Ismail Bin Dato' Nik Yusoff is the Independent Non-Executive Chairman while Mr. Kua Khai Loon and Mr. Ho Jien Shiung are the Executive Directors. The Chairman and the Executive Directors are not related to each other.</p> <p>The position of the Chairman and Executive Directors has a clearly accepted division of responsibility to ensure there is a balance of power and authority to promote accountability and that their respective roles and responsibilities have been which are clearly set out in the Board Charter and is made available on the corporate website at www.pnepcb.com.</p> <p>The Company acknowledges the importance of having a proper balance of power, responsibility, and accountability. This is to ensure no individual has unfettered decision-making powers.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: <p>The Chairman of the Board, Dato' Nik Ismail Bin Dato' Nik Yusoff is also Chairman of NC, member of AC and RC. All these Board Committees are supported by other Independent Non-Executive Directors of the Company.</p> <p>The Chairman of the Board does not have any conflict of interest in all aspects of the Group nor family relationships with any Directors or major shareholders of the Company which may affect his independence or influences his judgement. The Board is of the view that with diverse skills and competencies of the individual Directors, especially Independent Directors, who are appointed to form a competent and strong Board, the Chairman's participation at the committee level should be determined by his ability to contribute and participate, as much as the need for objectivity. The Board also believes that the objectivity in receiving or assessing committees' reports has not been diminished in any way.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Group is currently outsourcing the corporate secretarial function to Cospec Management Services Sdn. Bhd. ("CMS").</p> <p>The Board is supported by two (2) qualified and competent Company Secretaries nominated by CMS, who are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("Act") and are also registered holders of the Practising Certificate issued by the Companies Commission of Malaysia. The new joint Secretary was appointed by the Board on 12 June 2023 for better management of the Company's secretarial and administrative duties.</p> <p>The Board acknowledges that the Company Secretaries play an important role and will ensure that the Company Secretaries fulfil the functions for which they have been appointed.</p> <p>The Company Secretaries play an important role in facilitating the overall compliance with the Act, Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Malaysian Code on Corporate Governance ("MCCG") and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their Terms of References and best practices and ensure adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretaries have been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to their profession and enable them to provide the necessary advisory role to the Board.</p> <p>The Board has direct access to the professional advice and services of the Company Secretaries and their team when performing their duties and discharging their responsibilities.</p> <p>The Company Secretaries had on 23 August 2023 conducted a briefing regarding the Amendments to the Listing Requirements of Bursa Securities relating to Sustainability Training for Directors, Conflict of Interest, and other amendments to keep the Board abreast of the latest development on the governance matters and provisions under Listing Requirements of Bursa Securities.</p>

	<p>During the financial year under review, the Board and Board Committees' meetings were properly convened, accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.</p> <p>Overall, the Board is satisfied with the service and support rendered by the Company Secretaries and their team to the Board in the discharge of functions.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.6

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>To facilitate the Directors' time planning, an annual meeting calendar was prepared in advance of each new calendar year by the Company Secretaries. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>The notices of the Board and Board Committees meetings together with the meeting papers are generally furnished to the Directors at least five (5) business days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting.</p> <p>In the intervals between scheduled Board and Board Committees meetings, for exceptional matters requiring urgent Board decisions, Board and Board Committees decisions are obtained via additional ad-hoc meetings convened or written resolutions which are supported with board papers, providing information necessary for the Board and Board Committees' deliberation to ensure the Directors can make informed decisions. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.</p> <p>The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board and Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter. All the records of proceedings and resolutions passed are kept at the registered office of the Company.</p> <p>All Directors have full and unrestricted access to timely information about the Group. In addition, the Directors are also empowered to seek independent external professional advice at the expense of the Company, should they consider it necessary in the course of their duties.</p>

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

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised and adopted a Board Charter covering the respective roles and responsibilities of the Board, Board Committee, individual Directors and Management and the issues and decisions reserved for the Board’s decision.</p> <p>This Board Charter serves as a guiding literature to the Board in the fulfilment of its fiduciary and leadership functions.</p> <p>The Board Charter would be reviewed as and when necessary to ensure it remains consistent with the Board’s objectives and responsibilities and reflect the latest compliance requirements as a result of changes in the regulatory framework.</p> <p>The Board Charter is available on the Company’s website at www.pnepcb.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Code of Ethics and Conduct which is incorporated in Board Charter of the Company and it is available on the Company's website at www.pnepcb.com.</p> <p>This Code of Ethics and Conduct sets out the standard of ethical behaviour and value expected of Directors and any other employees at the executive level and above and serves as a guide and reference in the course of the performance of their duties and responsibilities.</p> <p>All Directors and employees of the Group must endeavor to observe the Code of Ethics and Conduct which provides guidance as to the ethical conduct to be complied with to uphold the principles of honesty and integrity as well as to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities.</p> <p>The Board will review the Code of Ethics and Conduct from time to time to ensure that it continues to remain relevant and appropriate.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company had adopted a Whistle Blowing Policy to provide a defined avenue and accessible reporting channels for all employees of the Group to raise concerns or disclose any improper conduct within the Group which was published on the Company's website at www.pnepcb.com.</p> <p>The Board will continue to review and update the Whistle Blowing Policy at least once every three (3) years to ensure its effectiveness and consistency with the governing legislation and regulatory requirements.</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 recognises the significance of sustainable development to the Group's business operations, influencing its approach towards embracing sustainable practices to advance the Group's Economic, Environmental, and Social (EES) development agenda.</p> <p>Both the Board and Management share responsibility for governing sustainability within the Company. The Board sets the sustainability strategy and oversees corporate sustainability policies and performance, while the Management oversees implementation and ensures key targets are achieved.</p> <p>To foster sustainability within the Group, the Management has undertaken the following initiatives:-</p> <ul style="list-style-type: none"> • Strengthening financial performance to deliver sustainable returns to stakeholders. • Mitigating negative environmental impacts and conserving the surrounding environment. • Cultivating a robust, diverse, and capable workforce and ensuring a safe workplace. <p>In addition, the AC is also empowered to assist the Board in overseeing the Company's sustainability implementation and reporting, rooted in Environmental, Social and Governance pillars. This responsibility has been incorporated into the TOR of AC as well.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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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>Engaging stakeholders is a vital collaborative process essential for the Company's success. Input and feedback obtained assist the Group in devising improvement plans, innovating products, and services, and anticipating future market demands.</p> <p>The Company actively participates in sustainability strategies, priorities, targets, and performance discussions with both internal and external stakeholders through diverse channels. This proactive approach allows for timely responses to address and anticipate their concerns.</p> <p>Details pertaining to the stakeholders' engagement are available in the Sustainability Statement in the Annual Report for the financial year ended 31 March 2024 ("Annual Report 2024").</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>The Board, through the NC, assessed the training programmes attended by each Director during the financial year to ensure they stay abreast with the latest developments in the industry as well as the sustainability issues relevant to the Group, including factors that are driving climate change, sustainable finance and achieving a sustainable business model.</p> <p>The key training programmes attended by each Director in the FYE 2024 are set out in the Corporate Governance Overview Statement of Annual Report 2024.</p> <p>The Company Secretaries regularly update the Board on the changes of the Listing Requirements of Bursa Securities and/or other regulatory requirements upon receiving the circulars from Bursa Securities and/or other regulators, which are relevant to the Company and provide advice on corporate disclosures and compliance issues.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board and the Senior Management have performed their respective roles in addressing material sustainability risks and opportunities.</p> <p>The performance evaluation of the Board in addressing the Group’s strategic and business plans which promote sustainability materials matters was evaluated through the annual Board’s effectiveness evaluation for the FYE 2024.</p> <p>Together, the Board and Management tackle the Company's significant issues, along with the associated risks and opportunities. They implement suitable mitigation strategies to ensure the Company maintains robust returns for its 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

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC oversees the overall composition of the Board in terms of size, a mix of skills, experience and core competencies, as well as the balance between Executive Directors and Independent Non-Executive Directors.</p> <p>The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees will be assessed on an annual basis.</p> <p>The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the MCCG. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting.</p> <p>The annual re-election of retiring Directors has been contingent on a satisfactory evaluation of the retiring Directors' performance and contribution to the Board.</p> <p>In addition, the Directors' Fit and Proper Policy serves as a guide to NC and the Board for the appointment and re-election of Directors of the Group. The Directors' Fit and Proper Policy is published on the Company's website at www.pnepcb.com.</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	:		
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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 5.2

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	:	<p>The present composition of the Board complies with Paragraph 15.02 of the Listing Requirements of Bursa Securities and Practice 5.2 of the MCGG as half (50%) of the Board comprises Independent Directors. All the Independent Directors are satisfied with the independence test under the Listing Requirements of Bursa Securities.</p> <p>The current Board consists of six (6) members, comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors, as set out in the table below:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Dato' Nik Ismail Bin Dato' Nik Yusoff</td> <td>Independent Non-Executive Chairman</td> </tr> <tr> <td>Kua Khai Loon</td> <td>Executive Director</td> </tr> <tr> <td>Ho Jien Shiung</td> <td>Executive Director</td> </tr> <tr> <td>Wong Kok Seong</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Tan Yee Ping</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Datuk Sham Shamrat Sen Gupta</td> <td>Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The presence of Independent Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.</p>	Name	Designation	Dato' Nik Ismail Bin Dato' Nik Yusoff	Independent Non-Executive Chairman	Kua Khai Loon	Executive Director	Ho Jien Shiung	Executive Director	Wong Kok Seong	Independent Non-Executive Director	Tan Yee Ping	Independent Non-Executive Director	Datuk Sham Shamrat Sen Gupta	Independent Non-Executive Director
Name	Designation															
Dato' Nik Ismail Bin Dato' Nik Yusoff	Independent Non-Executive Chairman															
Kua Khai Loon	Executive Director															
Ho Jien Shiung	Executive Director															
Wong Kok Seong	Independent Non-Executive Director															
Tan Yee Ping	Independent Non-Executive Director															
Datuk Sham Shamrat Sen Gupta	Independent Non-Executive Director															
Explanation for departure	:	<p>Please provide an explanation for the departure.</p>														
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																
Measure	:	<p>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>														

Timeframe	:	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 5.3

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	:	Applied
Explanation on application of the practice	:	<p>Mr. Wong Kok Seong has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.</p> <p>Pursuant to the MCGG, the Board upon obtaining the NC's recommendation, agreed to seek the approval of the shareholders of the Company at the forthcoming AGM to retain him as the Independent Non-Executive Director of the Company based on the following justifications: -</p> <ul style="list-style-type: none">a) He has declared and confirmed that he fulfilled the criteria under the definition of Independent Director as set out in Chapter 1 of the Listing Requirements.b) He has vast experience in his industry which could provide the Board with a diverse set of experience, expertise and independent judgement.c) He has good knowledge of the Group's business operations.d) He has devoted sufficient time and attention to his professional obligations for informed and balanced decision making.e) He has exercised due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the best interest of the Company and shareholders of the Company.
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	:		
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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.

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 Board believes in the significance of recruiting and retaining the most qualified talent, irrespective of gender, ethnicity, or age, to optimise the Board's effectiveness.</p> <p>In all appointments, various factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills, and knowledge are taken into account to ensure a diverse Board and Senior Management team. This diversity contributes to enhanced governance and growth within the Group.</p> <p>The NC is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations to the Board. In this respect, the role of the NC is detailed in its Terms of Reference, which is accessible on the Company's website at www.pnepcb.com.</p> <p>In making its recommendations to the Board, the NC considers and assesses the suitability of a new appointment based on objective criteria, including:</p> <ul style="list-style-type: none">• Qualification;• Required competencies, skills, expertise and experience;• Specialist knowledge or technical skills;• Professionalism and integrity; and• time commitment to the Company based on the number of directorships held. <p>Likewise, the Directors are also required to notify the Chairman of the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The Directors must not hold more than five (5) directorships in listed companies to enable Directors to have sufficient time to focus and fulfil their roles and responsibilities effectively.</p>

	<p>The Board also via the NC, reviews the correct mix of skills, business and professional experiences that should be added to the Board annually or as and when required.</p> <p>More women representation on the Board and Key Senior Management will be taken into consideration if vacancies arise and when suitable candidates are identified.</p> <p>The Board had adopted the Directors' Fit and Proper Policy to ensure a transparent and rigorous process for the appointment and re-election of Directors of the Group. This policy is accessible on the Company's corporate website at www.pnepcb.com.</p>	
<p>Explanation for departure</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 5.6

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

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

Application	: Applied
Explanation on application of the practice	<p>The primary responsibility of screening, evaluating, and nominating new Board member(s) for an appointment is delegated to the NC.</p> <p>The members of the Board are to be appointed in a formal and transparent practice endorsed by the MCCG. The NC will scrutinise the candidates and recommend the same for the Board’s approval. The NC uses a variety of sources for identification of suitable candidates.</p> <p>The NC is open to referrals from external sources available, such as industry acquaintances, contacts in related industries, consultants, etc to gain access to a wide pool of potential candidates besides tapping on the recommendations from existing Board members, Management or major shareholders. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.</p> <p>The NC will perform an annual review of the required mix of skills and experience and other qualities including core competencies that Directors should bring to the Board and assess the effectiveness of the Board as a whole, as well as, look into succession planning, boardroom and gender diversity to ensure the effectiveness of the Board.</p> <p>There are two (2) new Directors being appointed to the Board for FYE 2024.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The performance of retiring Directors recommended for re-election at the 35th AGM has been assessed through the NC annual evaluation (including the independence of the Independent Non-Executive Directors) and recommended to the Board for approval.</p> <p>The profiles of the Directors who were due for retirement and offered themselves for re-election, which included the nature of interest with the Company, whichever applicable, were set out in the Annual Report 2024 of the Company.</p> <p>Whilst for the retiring Directors for the forthcoming 36th AGM, a statement by the Board and NC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the forthcoming 36th AGM was stated in the notes accompanying the Notice of 36th 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

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	:	Dato' Nik Bin Dato' Nik Yusoff is the Independent Non-Executive Director and he is the Chairman of the NC. The details and/or profile of the Chairman is disclosed in the Annual Report 2024.	
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	:	The Board comprises six (6) Directors, out of whom one (1) is a woman, representing only 16.67% female representation at the Board level.	
		The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness of the Board. Women's representation on the Board and in senior management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company had established and adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at the Board and Senior Management levels. The Gender Diversity Policy is available on the Company's website at www.pnepcb.com.</p> <p>The Company recognises the importance of promoting gender diversity at the Board and senior management levels and is committed to increasing the number of female Directors and senior management. However, to ensure suitable and effective appointments, the Company does not set specific targets for female representation in the abovementioned policy.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to 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 Companies to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>					
Application	: Applied				
Explanation on application of the practice	: <p>The Company has in place a formal process for assessment of the effectiveness of the Board and the Board Committees as a whole and the contribution by each Director, including the independence of the Independent Non-Executive Director to the effectiveness of the Board and Committees, making reference to the guides available and the good corporate governance compliance.</p> <p>The assessment of the Board and Board Committees are performed on a Board review whilst the assessment of the individual Directors is performed on a peer review basis. Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are summarised and deliberated at the NC meeting and thereafter the NC's Chairman will report the results and deliberation to the Board.</p> <p>The annual assessment criteria of the Board and Board Committees and individual Directors were updated to stay aligned with the MCCG practices. The areas covered in the aforesaid annual assessment criteria are as follows:-</p> <table border="1"> <thead> <tr> <th>Evaluation</th> <th>Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td>Board and Board Committees as a whole</td> <td> <ul style="list-style-type: none"> • Role of the Chairman and Executive Director • Board balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board's Committees • Access to information and advice </td> </tr> </tbody> </table>	Evaluation	Assessment Criteria	Board and Board Committees as a whole	<ul style="list-style-type: none"> • Role of the Chairman and Executive Director • Board balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board's Committees • Access to information and advice
Evaluation	Assessment Criteria				
Board and Board Committees as a whole	<ul style="list-style-type: none"> • Role of the Chairman and Executive Director • Board balance, size and composition • Board structure and procedures • Relationship of the Board to Management • Quality and supply of information to the Board/Board's Committees • Access to information and advice 				

		<ul style="list-style-type: none"> • Accountability for financial reporting, internal control and sustainability risk and opportunities • Relation with Auditors/Shareholders/Investors • Use of Board Committees • Directors' training
	AC	<ul style="list-style-type: none"> • Composition and quality • Oversight of the financial reporting process, including internal controls • Understanding the business, including risk and control environment • Access to information and advice • Oversight of audit functions • Compliance with corporate governance • External Auditors • Staying abreast on issues • Report and recommendations
	Executive Directors	<ul style="list-style-type: none"> • Financial • Strategic and sustainability • Conformance and compliance • Business acumen/increasing shareholders' wealth • Succession planning • Personal input to the role
	Non-Executive Directors	<ul style="list-style-type: none"> • Attendance at Board and/or Board Committees' meetings • Adequate preparation for Board and/or Board Committees' meetings • Regular contribution to Board and/or Board Committees' meetings • Personal input to the role
	<p>In respect of the annual performance evaluation for the FYE 2024, it was concluded that:-</p> <p>(a) the Board and Board Committees discharged their duties and responsibilities effectively; and</p> <p>(b) each Director continued to perform effectively and demonstrated commitment to his/her role.</p>	

	The Board is satisfied with the current evaluation process. The Board will continue to review the Board's evaluation process as and when necessary to ensure it remains a valuable feedback mechanism for improving the Board's effectiveness.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had through the NRC, established a formal and transparent Remuneration Policy as a guide for the Board and the NRC to determine the remuneration of Directors and/or Senior Management of the Company, which takes into account the demands, complexities and performance of the Company as well as skills and experience required.</p> <p>The Remuneration Policy is available on the Company’s website at www.pnepcb.com.</p> <p>The remuneration of the Executive Director and senior management is made up of fixed salaries and performance-based incentive components, while the remuneration of Non-Executive Directors consists of Directors’ fees and shall not be based on commission, percentage of profits or turnover.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</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	:		
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Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The RC consists wholly of Independent Non-Executive Directors and is governed by its Terms of Reference, which is available on the Company's website at www.pnepcb.com.</p> <p>The RC is principally responsible for the development and review of the remuneration policy and packages of Directors, where necessary, and subsequently tables their recommendations to the Board on specific adjustments in remuneration (including fees and benefits) to commensurate the contributions of the Directors.</p> <p>The RC is also responsible to ensure that the remuneration package (including fees and benefits) of the Board and the Senior Management of the Group are benchmarked with industry standards in light of the Group's performance in the industry.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors' remuneration for the FYE 2024 for each individual Director with a breakdown into fees, salaries and bonus, benefits-in-kind and other emoluments are set out in the table below.

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	Dato' Nik Ismail Bin Dato' Nik Yusoff	Independent Director	30	2	0	0	0	0	32	30	2	0	0	0	0	32
2	Wong Kok Seong	Independent Director	24	2	0	0	0	0	26	24	2	0	0	0	0	26
3	Kua Khai Loon	Executive Director	0	0	240	2.5	0	30.26	272.76	0	0	240	2.5	0	30.26	272.76
4	Ho Jien Shiung	Executive Director	0	0	98.40	2.05	0	13.22	113.67	0	0	134.40	2.05	0	18.60	155
5	Choong Lee Aun (Resigned on 28 June 2023)	Non-Executive Non-Independent Director	5.87	0.5	0	0	0	0	6.37	5.87	0.5	15	0	0	2.24	23.61
6	Tan Yee Ping (Appointed on 30 May 2023)	Independent Director	20.13	1.5	0	0	0	0	21.63	20.13	1.5	0	0	0	0	21.63
7	Datuk Sham Shamrat Sen Gupta (Appointed on 28 June 2023)	Independent Director	18.20	1.5	0	0	0	0	19.70	18.20	1.5	30.87	0	0	4.61	55.18
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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

Intended Outcome

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Due to the confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.	
		The Board is of the view that the disclosure of the Senior Management's remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. As an alternative, the Board is of the view that the disclosure of Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000.00 in the Company's Annual Report 2024 is adequate.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The AC is chaired by Mr. Wong Kok Seong, who is an Independent Non-Executive Director, whereas Board is chaired by Dato' Nik Ismail Bin Dato' Nik Yusoff. This separation of positions is to ensure that the Board's review of the AC's findings and recommendations are not impaired.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, AC comprises four (4) members and none of the members were former key audit partners of the external auditors appointed by the Company. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the ARMC was a key audit partner of the external auditors of the Group.</p> <p>The requirement for a former key audit partner of the external audit firm to observe a cooling off period of at least three (3) years before being appointed as a member of the AC has been incorporated as part of the Terms of Reference of the AC.</p> <p>For the FYE 2024, none of the AC members were former key audit partners.</p> <p>The Terms of Reference of the AC is available on the Company's website at www.pnepcb.com.</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 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established an External Auditors Assessment Policy which sets out the guidelines and procedures to be followed by the AC in reviewing, assessing and monitoring the suitability, independence and performance of the External Auditors covering amongst others, the following:-</p> <ul style="list-style-type: none">(a) Calibre of the audit firm;(b) Quality of the audit engagement team;(c) Quality of communication and interaction with the audit team;(d) Audit scope and quality processes;(e) Audit governance and independence; and(f) Audit fee. <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The AC obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>During the FYE 2024, the AC had carried out an annual performance assessment of the External Auditors and concluded that the External Auditors were of competence and had provided the necessary quality of service to continue serving the Company and the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC members possess the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of the AC. The AC Chairman and a majority of the AC members are financially literate and they are able to understand matters under the purview of the AC including the financial reporting process.</p> <p>They are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>During the FYE 2024, all members of the AC have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of their training are as set out in the Corporate Governance Overview Statement of the Annual Report 2024.</p> <p>In addition, during the AC meetings, the members the members have also been briefed by the External Auditors on the development or changes in the Malaysian Financial Reporting Standards and the relevant accounting requirements under the Act.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. The system of internal control covers not only financial controls but operational and compliance controls and risk management.</p> <p>The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the AC.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the Annual Report 2024.</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 Board recognises the importance of sound risk management and internal control practices for good corporate governance. The Board affirms its responsibility for ensuring the Group's system is able to adequately and effectively manage significant risks. The Group has in place an ongoing process for identifying, evaluating and managing significant risks through a framework that includes a reporting structure. The Group's system of internal control is designed to manage and control risks appropriately, rather than eliminate the risk of failure to achieve business objectives. Due to the inherent limitations in all control systems, these control systems can only provide reasonable and not absolute assurance.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the Annual Report 2024.</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 Board had established the Internal Auditors Assessment Policy (“IA Assessment Policy”) together with an annual performance evaluation form. The IA Assessment Policy is to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p> <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>The AC obtained assurance from the Internal Auditors confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The AC carried out an annual performance assessment of the Internal Auditors and requested the Executive Directors the Group Financial Controller to join the assessment. The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the Internal Auditors of the Company, among others, the following were some of the criteria reviewed by the AC:-</p> <ul style="list-style-type: none">a) Adequacy of resources and experience of the internal audit firm;b) Quality processes of the internal audit firm;c) Competency of the engagement team;d) Governance and independence;e) Internal audit fee, scope and planning; andf) Internal audit reports and communications. <p>The internal audit functions and activities carried out during the FYE 2024 are as disclosed in the AC Report of the Annual Report 2024.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit function is outsourced to Kloo Point Risk Management Services Sdn. Bhd. (“Kloo Point”) which is independent of the operations and activities of the Group. The engagement team from Kloo Point is free from any relationship or conflict of interest, which could impair their objectivity and independence.</p> <p>The number of audit staff deployed by Kloo Point for each internal audit review ranges from three (3) to four (4) Internal Auditors per visit. Sterling is a corporate member of the Institute of Internal Auditors Malaysia (IIAM). Different lead Internal Auditors are assigned to conduct each internal audit review, depending on the scope of the review.</p> <p>The internal audit function is carried out in accordance with the International Professional Practices Framework set by the Institute of Internal Auditors to ensure that internal audit staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.</p> <p>The AC was satisfied with the competency, experience, and resources of the internal audit function for discharging their roles and responsibilities.</p> <p>Further details of the internal audit activities are disclosed in the AC Report and Statement on Risk Management and Internal Control of the Annual Report 2024.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group acknowledges the importance of timely and equal dissemination of material information to shareholders and investors. The Board will ensure that it adheres to the disclosure requirements of Bursa Securities. Through disclosures of appropriate and relevant information, using various channels of communication on a timely basis, the Group provides shareholders and investors with information to fulfil transparency and accountability objectives.</p> <p>Presently, the Board communicates with stakeholders by way of:-</p> <ul style="list-style-type: none">a) the Annual Reports and circulars to shareholders, which contains the financial and operational review of the Group's business, corporate information, and financial statements;b) various announcements made to the Bursa Securities, which include announcements on quarterly results;c) the Company website at www.pnepcb.com which provide corporate information about the Company and is accessible to the public. The Investor Relations function enhances the communication with its stakeholders and provides a channel for the stakeholders and general public to direct their enquiries and concerns to the Company; andd) Shareholders' interaction during the general meetings. <p>Where possible, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and communication is vital to shareholders and investors in making informed investment decisions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The notice of the 35th AGM of the Company held on 24 August 2023 was sent to the shareholders on 26 July 2023, which is more than twenty-eight (28) days prior to the date of the 35th AGM.</p> <p>The Notice of the 36th AGM of the Company will be issued to the shareholders at least twenty-eight (28) days before the date of the 36th AGM to give sufficient time to shareholders to consider the resolutions and make an informed decision in exercising their voting right at the 36th 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>All the Directors of the Company were present at the 35th AGM of the Company held on 24 August 2023.</p> <p>During the proceedings of the 35th AGM, the Chairman invited shareholders to raise questions pertaining to the Company’s audited financial statements and other agendas tabled for approval at the meeting. All questions raised by the shareholders were answered and addressed accordingly.</p> <p>All the Directors of the Company will always endeavour to attend all general meetings and the Chairman of the Board Committees will provide a meaningful response to questions addressed to them.</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 35th AGM on 24 August 2023 was held on a fully virtual basis and entirely via remote participation and voting.</p> <p>This allows the shareholders to participate in the 35th AGM while at the same time, following the health guidance issued by the Government of Malaysia of not having a mass gathering and practicing social distancing to curb the spread of COVID-19. The conduct of meetings by way of fully virtual is also strongly encouraged by the Securities Commission Malaysia.</p> <p><u>Remote shareholders' participation in General Meetings</u> Shareholders are able to attend, speak (including posing questions to the Company/Board of Directors) and vote remotely at the 35th AGM without being physically present at the meeting venue. Shareholders may also appoint proxies to participate on his/her behalf by submitting the duly executed proxy form to the Company's share registrar in hard copy or by electronic means.</p> <p><u>Voting in absentia</u> For shareholders who are unable to attend the meetings remotely, they may exercise their voting rights by appointing the Chairman of the meeting as his/her proxy with a pre-determined proxy form.</p> <p>Shareholders will be allowed to cast their vote via an online platform at the time of the meeting until the time when the Chairman of the meeting announces the completion of the voting session.</p> <p>The forthcoming 36th AGM will also be held on fully virtual and entirely via remote participation and voting.</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

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 Chairman ensures that the general meetings cater an important opportunity for effective communication with, and constructive feedback from the shareholders.</p> <p>Shareholders were encouraged to submit their questions before the 35th AGM at https://rebrand.ly/PNE-AGM or post the questions using the query box facility during the 35th AGM. In addition, upon commencement of the 35th AGM, the Chairman duly advised the shareholders that they were allowed and encouraged to submit their questions or queries in the query box throughout the 35th AGM.</p> <p>The Company facilitates and encourages shareholder participation at its 35th AGM. These meetings provide an update for shareholders on their performance and offer an opportunity for shareholders to ask questions and vote. The Chairman read out and the Directors answered the relevant questions received.</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 :	Applied
Explanation on application of the practice :	<p>The Board has engaged Inshub Sdn. Bhd. (“Inshub”) to provide virtual meeting facilities to conduct its 35th AGM.</p> <p>The detailed procedures to participate in the meeting remotely were provided to the shareholders in the Administrative Notes of the 35th AGM sent through email and by ordinary post and the same was also published on the Company’s website.</p> <p>Inshub has in place a meeting platform that allows shareholders to participate online, using a smartphone, tablet or computer as well as view a live webcast of the meeting.</p> <p>As mentioned above, real time submission of typed texts is also available to encourage interactive participation from the shareholders. The number of questions answered during the meeting had evidenced a successful virtual 35th AGM with active participation by the 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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The minutes of the 35 th AGM were not circulated to the shareholders, however, the Summary of Key Matters Discussed at the 35 th AGM was published on the Company's website at www.pnepcb.com .
		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>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

**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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