

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6807
COMPANY NAME : PUNCAK NIAGA HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT 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 is responsible for the stewardship of Puncak Niaga Holdings Berhad ("Puncak Niaga" or "the Company") and in discharging its obligations. The key responsibilities of the Board amongst others, includes providing leadership and vision to the Company that enhances shareholder value and also ensures long-term sustainable development and growth of the Company, reviewing and adopting a strategic plan for the Company, overseeing the conduct of the Company's businesses and ensuring the appropriate corporate disclosure policies and procedures, identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures and establishing a sound framework to manage risks and to prevent fraud, retaining full and effective control over the Company, and monitor the Management in implementing the Board's plans and strategies including the financial and non-financial performance measurements and succession planning.</p> <p>The Company's Core Values, Vision and Mission are adopted across the Group to promote and implement good corporate culture within the Company and Group which reinforces ethical, prudent and professional behaviour.</p> <p>With the adoption of the Board Charter, the Board members, whether acting in their individual capacities or as a whole, share the common objective of ensuring that the Vision and Mission of the Company are achieved and the Group meets its responsibilities to its shareholders.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Executive Chairman is responsible for the leadership of the Board in ensuring the effectiveness of all aspects of its roles. The roles of the Executive Chairman as detailed in Paragraph 4.5 of the Board Charter are distinct and separate from those of the Managing Director.</p> <p>The Board Charter of the Company is posted at the Investor Relations link – Corporate Governance at the Company's corporate website at www.puncakniaga.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>As at 31 December 2021, the positions of the Executive Chairman and the Managing Director are held by two (2) individuals, namely, YBhg Tan Sri Rozali bin Ismail and Encik Azlan Shah bin Rozali who was appointed on 28 February 2021 as Managing Director of the Company in place of YBhg Dato' Abdul Jalil bin Abdul Karim.</p> <p>The roles of the Executive Chairman are set out in Paragraph 4.5 of the Board Charter whereas the roles of the Managing Director are set out in Paragraph 4.6 of the Board Charter. The Board Charter of the Company is posted at the Investor Relations link – Corporate Governance at the Company's corporate website at www.puncakniaga.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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 Executive Chairman of the Company, YBhg Tan Sri Rozali bin Ismail is not a member of the Audit Committee, Nomination Committee or Remuneration Committee. Neither does he attend any of these Committees' Meetings.
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	:	<p>The Company Secretaries are responsible for advising the Board on regulatory compliance matters and providing good information flow and comprehensive practical support to Directors, both as individuals and collectively, with particular emphasis on supporting the Independent Non-Executive Directors (“INEDs”) in maintaining the highest standards of probity and corporate governance. The Company Secretaries are also responsible for ensuring the Group’s compliance with the relevant statutory and regulatory requirements.</p> <p>All Directors have full and unrestricted access to the advice and services of the Company Secretaries to facilitate the discharge of their duties.</p> <p>The Company Secretaries of Puncak Niaga are qualified to act under Section 235(2) of the Companies Act, 2016 and one of whom is a Fellow (Chartered Secretary and Chartered Governance Professional) of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The annual meeting calendar is prepared and circulated in advance of each new calendar year to facilitate the Directors' time planning. The calendar provides Directors with scheduled dates for meetings of the Board, Board Committees and the Annual General Meeting, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.</p> <p>The Directors of the Company receive the meeting materials electronically, which are complete and accurate several days prior to the meeting and the minutes of meeting are circulated in a timely manner.</p> <p>Puncak Niaga adopts a paperless environment for all Board and Board Committee meetings, which enables digital access to meeting materials. Hence, the Directors and Committee members are able to access meeting materials and relevant information in a timely and efficient manner. Since November 2021, all Board Meetings' materials are uploaded onto a board meeting automation solution system, BoardPAC which is accessible by the Directors via their personal tablets several days before the Board Meetings to facilitate the Directors to peruse the Meeting materials and to review the issues to be deliberated at the Board Meetings before the meeting date.</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 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 Company's Board Charter provides guidance on how business is to be conducted in line with international best practices and standard of good corporate governance.</p> <p>The Board Charter sets out the Board's strategic intent and the specific roles and responsibilities to be discharged by the Board members collectively in discharging its fiduciary and leadership functions, the individual roles expected from the Executive Chairman, Managing Director, Executive Directors and INEDs, and the roles of the Board Committees.</p> <p>The Board Charter outlines the roles and responsibilities of the Board, the balance and composition of the Board, the Board's authorities, the establishment of the Board Committees, processes and procedures for convening Board meetings, declarations of conflict of interest, Matters Reserved for the Board, Management of Risks, Share Dealings by Members, Board Evaluation and Performance, the Board's relationship with Shareholders and the Company Secretaries.</p> <p>The Board Charter of the Company is periodically reviewed and updated from time to time with the latest revision on 23 September 2021.</p> <p>The Board Charter of the Company is posted at the Investor Relations link – Corporate Governance at the Company's corporate website at www.puncakniaga.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Puncak Niaga has separate Code of Conduct for the Board of Directors and employees of the Company. These Codes of Conduct are posted at the Investor Relations link – Corporate Governance at the Company's corporate website at www.puncakniaga.com.my</p> <p>Managing conflict of interest – Directors</p> <p>It is the practice of the Company to require members of the Board to make a declaration in the event that they have interests in particular items of business transacted by the Group or the Company, including where such interests arise through close family members, in line with various statutory requirements on the disclosure of Director's interest and as set out in the Board Charter of the Company.</p> <p>Insider Trading</p> <p>In line with the Bursa Securities Listing Requirements and the relevant provisions of the Capital Markets & Services Act 2007, the Directors, Executive Committee ("EXCO") members and principal officers of the Group are prohibited from trading in securities or any kind of property based on price sensitive information and knowledge, which have not been publicly announced. Internal Memorandums on notice of closed period for trading in Puncak Niaga's shares are circulated to the Directors, EXCO Members and principal officers of the Group for each financial period/year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board believes that the Company's Whistle Blowing Policy which was established in 2013 and revised in 2019 strengthens, supports and demonstrates accountability, good risk management and sound corporate governance practices.</p> <p>The Whistle Blowing Policy of the Company is posted at the Investor Relations link – Corporate Governance at the Company's corporate website at www.puncakniaga.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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>All Board members together with the Senior Management of the Company take responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. In this respect, the Board takes into account sustainability considerations when exercising its duties including, inter alia, the development and implementation of the Company's strategies, business plans, major plans of action and risk management</p> <p>At the intervals of not more than one year, the Board shall together with the Management of the Company, continuously engage and consider the views of the Company's internal and external stakeholders to better understand and manage the Company's sustainability risks and opportunities and consider the integration of Environmental, Social and Governance ("ESG") risks and opportunities factors in the Board's investment decision-making process and the Board together with the Management of the Company be accountable for the management and oversight on sustainability matters including setting the targets, formulating the action plans to achieve the targets or to address any gaps within reasonable timelines, disseminate, educate and promote employee awareness and understanding of the Company's approach to sustainability within the Group to ensure continuous employee engagement to support the Company's actions on sustainability matters and issues across 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	:		

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>At the apex of Puncak Niaga Group's corporate governance framework is the Board of Directors that has the ultimate oversight and responsibility of the risk management policies and structure as well as sustainability policies. The Company has established comprehensive framework and structure with clear lines of reporting and accountability with regards to the Company's sustainability strategies, priorities and targets as well as performance against these targets. Performance against these targets are communicated to the Company's internal and external stakeholders.</p> <p>Throughout the years, Puncak Niaga Group has maintained strong relationship of mutual trust with the entire ecosystem of stakeholders. In the bid to be inclusive and transparent with stakeholders, Puncak Niaga Group conducts regular stakeholder engagement sessions taking into account their feedback and concerns raised when developing sustainable strategies and in delivering its contractual obligations.</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 of Directors of the Company has formally approved and implemented a systematic risk management structure and process for the Group which clearly define the authority and accountability in implementing the framework to manage uncertainties in order to achieve Puncak Niaga Group's business objectives.</p> <p>In view of this, the Risk Management Scorecard Working Group Meeting is held annually whereby Puncak Niaga Group's Enterprise-Wide Risk Profile is deliberated taking into account Puncak Niaga Group's strategic business plan and existing business environments and business segments in which the Group operates including the sustainability issues relevant to the Group and its business risks and opportunities.</p> <p>During the period under review, a training programme on 'Balancing Risk Management with Sustainability Commitment' had been organised internally for the Board of Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board Charter to address Practice 4.4 was adopted on 23 September 2021 and the Company will take these into consideration for year 2022 onwards.	
		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	:	To implement over the next 3 – 5 years	
Timeframe	:	Others	3 – 5 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 :	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 Nomination Committee of the Company ("NC") annually reviews the overall composition of the Board in terms of the required mix of expertise, skills, tenure, knowledge and experience and other qualities, including core competencies and adequacy of balance between the Executive Directors and the Independent Non-Executive Directors.</p> <p>The NC assessed the performance of the Directors standing for re-election at the Company 25th Annual General Meeting ("25th AGM") via the Board Effectiveness Evaluation for 2021. Amongst others, the Board Effectiveness Evaluation for 2021 assessed the Directors' competencies, commitment, contribution, performance, independence and their ability to act in the best interest of the Company as a whole and the Board had concluded that the Independent Directors in their capacities as Independent Directors, including the Independent Directors standing for re-election had fulfilled their responsibilities and obligations and have carried out their duties as required in accordance with the Board Charter of the Company.</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

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>As at 31 December 2021, Puncak Niaga's INEDs comprise more than half of the Board's composition as recommended under Malaysian Code of Corporate Governance 2021 at 71.43%. This enables the necessary checks and balances on the decision-making process of the Board.</p> <p>Our Directors hold integrity at the highest level and possess extensive experience to provide unbiased and independent views to the Board. They consistently challenge the Management and the Board in an effective and constructive manner and therefore are able to function as a check and balance forming justified opinions to the Board. The Executive Chairman also encourages healthy debates on important issues and promotes active participation among the Board members at the Board Meeting and Board 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

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	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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	:	Adopted
Explanation on adoption of the practice	:	<p>The Board Charter of Company was revised on 23 September 2021 whereby Paragraph 5.13 stipulates that an INED shall serve the Board for a cumulative term of nine (9) years only without further extension.</p> <p>The Board Charter of the Company is posted at the Investor Relations link – Corporate Governance at the Company's corporate website at www.puncakniaga.com.my</p> <p>The tenure of all 5 INEDs of the Company is less than 5 years as disclosed in pages 56 to 60 of the Annual Report 2021.</p>

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 Group is helmed by an effective and experienced Board and Senior Management comprising individuals of calibre and credibility with the necessary skills and experience from a diverse blend of professional backgrounds.</p> <p>Each Board member and Senior Management is fully aware of his/her fiduciary duties and responsibilities and the duty to exercise due care, skill and diligence as Directors and Senior Management of the Company.</p> <p>Board Membership Criteria</p> <p>In reviewing and recommending to the Board any new Director appointments, the Nomination Committee considers the requisite mix of skills, character, knowledge, expertise, experience, gender, age, cultural, education and socioeconomic background, professionalism, integrity, capabilities, time commitment, composition requirements for the Board and Board Committees and other relevant factors in relation to the appointment of a new Director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In searching for suitable candidates for appointment to the Board, the NC may receive suggestions from the existing Board members, Management and major shareholders. The NC is also open to referrals from external sources.</p> <p>The Terms of Reference of the NC ("TOR NC") allows the utilisation of independent resources to identify suitably qualified candidates for appointment of Directors other than solely relying on recommendations from the existing Board members, Management or major shareholders.</p> <p>The latest revision of the TOR NC of the Company was on 23 September 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 NC had at its Meeting held on 14 February 2022 assessed the eligibility of the following Directors to be re-elected as Directors of the Company at the 25th AGM based on the Summary on Evaluation of Board Effectiveness for 2021 as disclosed in page 73 of the Company's Annual Report 2021.</p> <p><u>Article 100</u> YBhg Datuk Sr Johari bin Wahab YM Tengku Loreta</p> <p>The Board at its Meeting held on 28 February 2022 endorsed the NC's recommendation for YBhg Datuk SR Johari bin Wahab and YM Tengku Loreta to be re-elected as Directors of the Company at the 25th AGM as the Board concluded that they had fulfilled their responsibilities and obligations as Directors of the Company and have carried out their duties as required in accordance with the Board Charter 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

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	:	<p>The Chairman of the NC of the Company is YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason, an Independent Non-Executive Director of the Company.</p> <p>All members of the NC of the Company are INEDs of the Company, as set out in the TOR NC.</p> <p>The latest TOR NC as at 23 September 2021 is posted at the Investor Relations link – Corporate Governance at the Company's corporate website at www.puncakniaga.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	As part of succession planning, the Company will endeavour to achieve at least 30% women Directors on the Board of the Company within the next 3 years.
		The Company and Group have a Board Diversity Policy and Diversity Policy in place as set out in pages 97 and 98 of the Company's Annual Report 2021. The Company has successfully nurtured a diverse base of employees and Management teams across the Group, along with a diverse Board of Directors and the breakdown of the Company's/Group's workforce including by gender is disclosed in page 43 of the Company's Annual Report 2021.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 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	:	The Board Diversity Policy and Diversity Policy are disclosed on pages 97 and 98 of the Company's Annual Report 2021 respectively and they are also posted at the Investor Relations link – Corporate Governance at the Company's corporate website at www.puncakniaga.com.my	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Board has, with the assistance of the Company Secretaries, conducted an annual peer evaluation of the Board’s effectiveness by completing the Form of Evaluation of Board Effectiveness.</p> <p>Following the evaluation, the Board concluded that the Board as a whole and its committees is effective and the Board has the necessary skills, experiences, qualities and integrity to lead the Company and each of the Director including the INEDs, in their individual capacities as Independent Directors have fulfilled their responsibilities and obligations and have carried out their statutory duties and in accordance with the Board Charter 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

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	:	In August 2018, the Board established and approved the Directors' Remuneration Policy for the Company and Group. The said policy was revised on 23 September 2021 and is available on the Company's website at www.puncakniaga.com.my
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Company has a Remuneration Committee comprising wholly of INEDs of the Company.</p> <p>The Remuneration Committee annually reviews the remuneration packages for each individual Executive Director such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Company successfully and aligned to the business strategy and long term objectives of the Company.</p> <p>The Terms of Reference of the Remuneration Committee of the Company was updated on 23 September 2021 and is available on the Company's website at www.puncakniaga.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The details of the remuneration received by the individual Directors of the Company are set out as follows:-

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 Rozali bin Ismail	Executive Director	N/A	Input info here	Input info here	N/A	Input info here	Input info here	N/A	Input info here	Input info here	2,594	Input info here	102	Input info here	2,696
2	Azlan Shah bin Rozali	Executive Director	N/A	Input info here	211	N/A	24	Input info here	235	Input info here	Input info here	425	Input info here	27	Input info here	452
3	Dato' Sri Adenan bin Ab. Rahman	Independent Director	Input info here	127	Input info here	N/A	3	Input info here	130	Input info here	127	Input info here	Input info here	3	Input info here	130
4	Prof Emeritus Datuk Dr Marimuthu A/L Nadason	Independent Director	Input info here	111	Input info here	N/A	3	Input info here	114	Input info here	111	Input info here	Input info here	3	Input info here	114
5	Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj	Independent Director	Input info here	103	Input info here	N/A	5	Input info here	108	Input info here	103	Input info here	Input info here	5	Input info here	108
6	Noor Faiz bin Hassan	Independent Director	Input info here	103	Input info here	N/A	0	Input info here	103	Input info here	103	Input info here	Input info here	0	Input info here	103
7	Datuk Sr Haji Johari bin Wahab	Independent Director	Input info here	99	Input info here	N/A	3	Input info here	102	Input info here	99	Input info here	Input info here	3	Input info here	102
8	Dato' Abdul Jalil bin Abdul Karim (Resigned on 28 February 2021)	Executive Director	Input info here	Input info here	90	N/A	3	Input info here	93	Input info here	Input info here	90	Input info here	3	Input info here	93
9	Faizal bin Othman (Appointed on 28 February 2021 and resigned on 30 September 2021)	Executive Director	Input info here	Input info here	Input info here	N/A	Input info here	Input info here	Input info here	Input info here	Input info here	465	Input info here	12	Input info here	477
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	Input	Input	Input	Input	Input	Input	Input	Input	Input	Input	Input	Input	Input

			info here	info here	info here	info here	info here	info here	info here	info here	info here	info here	info here	info here	info here	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	:	The Board will consider the application of Practice 8.2 by disclosing the specific remuneration components in the future years in line with the market practice, where appropriate.	
		The Company has maintained its existing practice of disclosing its top five Senior Management remuneration in bands of RM50,000 without disclosing the specific remuneration components in Note 33 of the Company's Audited Financial Statements in page 208 of the Company's Annual Report 2021.	
<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 consider the application of Practice 8.2 by disclosing the specific remuneration components in the future years in line with the market practice, where appropriate.	
Timeframe	:	Others	2 years

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1			0-50,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	0-50,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	0-50,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	0-50,000	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	0-50,000	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	:	<p>YBhg Dato' Sri Adenan bin Ab. Rahman, an INED of the Company since 1 December 2017 who is also the Chairman of the Company's Remuneration Committee was appointed as the Chairman of the Audit Committee and Chairman of the Compliance, Internal Control and Risk Policy Committee of the Company of the Company on 9 July 2020.</p> <p>The Chairman of Audit Committee is not the Chairman 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

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	:	As at to date, no former key audit partner has been appointed as a member of the Audit Committee of the Company. The Terms of Reference of the Audit Committee of the Company which was revised on 23 September 2021 stipulates that "No former key audit partner of Puncak Niaga Holdings Berhad shall be appointed as a member of the Audit Committee before observing a cooling-off period of at least 3 years" and is available on the Company's website at www.puncakniaga.com.my
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>In March 2017, the Board established and approved the Policy and Procedures on assessment of the External Auditors with the objective to outline the guidelines for the Company to assess and review the External Auditors. The assessment covers seven (7) key areas which are Calibre of External Auditors, Quality Processes/Performance, Audit Team, Independence, Objectivity and Professionalism, Audit Scope and Planning, Audit Fees and Audit Communications.</p> <p>The Audit Committee, with the assistance of the Finance Division of the Company, conducted the assessment and recommended to the Board to re-appoint the External Auditors, Grant Thornton Malaysia PLT at the 123rd Audit Committee Meeting of the Company held on 30 March 2022.</p> <p>The Board had at the 126th Board of Directors Meeting held on 30 March 2022 approved the Audit Committee's recommendation on the re-appointment of Grant Thornton Malaysia PLT as the External Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors of the Company to fix their remuneration.</p> <p>The shareholders' approval is sought under Ordinary Resolution 4 of the Notice of the 25th AGM 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

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	:	<p>The Audit Committee of Puncak Niaga comprises wholly of the Independent Non-Executive Directors ("INEDs") of the Company.</p> <p>For the year under review, the composition of the Audit Committee was as follows:-</p> <table border="1"><thead><tr><th>No.</th><th>Name of INEDs</th><th>Designation</th></tr></thead><tbody><tr><td>1.</td><td>YBhg Dato' Sri Adenan bin Ab. Rahman</td><td>Independent Non-Executive Director/Chairman</td></tr><tr><td>2.</td><td>YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason</td><td>Independent Non-Executive Director/Member</td></tr><tr><td>3.</td><td>YBhg Datuk Sr Haji Johari bin Wahab</td><td>Independent Non-Executive Director/Member</td></tr><tr><td>4.</td><td>YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj</td><td>Independent Non-Executive Director/Member</td></tr><tr><td>5.</td><td>Encik Noor Faiz bin Hassan</td><td>Independent Non-Executive Director/Member</td></tr></tbody></table>	No.	Name of INEDs	Designation	1.	YBhg Dato' Sri Adenan bin Ab. Rahman	Independent Non-Executive Director/Chairman	2.	YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason	Independent Non-Executive Director/Member	3.	YBhg Datuk Sr Haji Johari bin Wahab	Independent Non-Executive Director/Member	4.	YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj	Independent Non-Executive Director/Member	5.	Encik Noor Faiz bin Hassan	Independent Non-Executive Director/Member
No.	Name of INEDs	Designation																		
1.	YBhg Dato' Sri Adenan bin Ab. Rahman	Independent Non-Executive Director/Chairman																		
2.	YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason	Independent Non-Executive Director/Member																		
3.	YBhg Datuk Sr Haji Johari bin Wahab	Independent Non-Executive Director/Member																		
4.	YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj	Independent Non-Executive Director/Member																		
5.	Encik Noor Faiz bin Hassan	Independent Non-Executive Director/Member																		

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 Terms of Reference of the Audit Committee of the Company (“TOR AC”) stipulates that the members of the Audit Committee shall possess sound judgment, objectivity, management experience and knowledge of the various business segments of the Group. All members of the Audit Committee are financially literate and have carried out their duties in accordance with the TOR AC.</p> <p>Based on the Audit Committee Effectiveness for Year 2021 assessment, the Board is satisfied with the Audit Committee’s performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the Audit Committee.</p> <p>Continuous Education</p> <p>The members of the Audit Committee had undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>The external auditors of the Company will brief and update the Audit Committee on the financial reporting standards at the Audit Committee Meetings accordingly.</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

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>Risk Management is fully embedded in the Group's management system and is every employee's responsibility. The Board of Puncak Niaga has formally approved and implemented a systematic risk management structure and process for the Group which clearly defines the authority and accountability in implementing the framework. The risk management model is aligned to ISO 31000 Risk Management – Principle and Guideline standard of Puncak Niaga contained in the Risk Management Manual which has been approved by the Executive Committee and used as a framework in Risk Management training conducted for the Senior Management of Puncak Niaga Group.</p> <p>The Board of Puncak Niaga had approved the Group's Risk Management Policy in 2001.</p> <p>The Statement on Risk Management and Internal Control which has been reviewed by the external auditors as set out in pages 83 to 89 in the Annual Report 2021 provides an overview of the state of risk management and internal control within Puncak Niaga Group as governed by the Risk Management Framework.</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

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 key features of Puncak Niaga Group's risk management process are:</p> <ul style="list-style-type: none">• Puncak Niaga Group utilises a risk management tool, namely, the Q-Radar Corporate Risk Scorecard ("CRS") software to identify, measure and manage all risks affecting Puncak Niaga Group. The software is web-based and allows the authorised users to monitor their respective risks online from any location.• Each key business unit/project/support service/company has its own Risk Scorecard and an assigned Risk Scorecard Owner, who is primarily responsible for identifying the risks and assessing the probability and impact of their occurrence as well as the effectiveness of controls/mitigating measures to determine the residual risks known as nett score in the Risk Scorecard. The risk and control owners are also identified to assign responsibility and ensure accountability.• The Group's Risk Scorecards are reviewed on a quarterly basis by the respective Risk Scorecard Owners to ensure that the Group's risk profile and controls are updated based on the latest business environment and risk positions.• In tandem with the quarterly reviews, the Risk Scorecard Owners are also required to submit their respective assurances that in relation to the risk management process:<ul style="list-style-type: none">- the risks, controls and management action plans in the Corporate Risk Scorecard are accurate and complete;- where the risk exposure is considered acceptable, the Risk Scorecard Owners have documented and validated that control activities are in place and are effective; and- where an individual risk has been evaluated as unacceptable, the management action plans have been formulated and

	<p>individuals have been identified as owners with the accompanying due dates to address the risks.</p> <ul style="list-style-type: none"> • The Risk Management Section analyses and consolidates the Risk Scorecard reports submitted for the deliberation of the CICR at the quarterly meetings of the CICR. • The CICR reviews and deliberates on the reports submitted and focuses on changes in the consolidated residual risk profile, new areas for risk identification and the key controls implemented by the Management to mitigate significant risks which affect the Group. The CICR also provides feedback to the Risk Scorecard Owners and/or moderates the risk profile prior to submitting the report to the Board on a quarterly basis. The key activities of the CICR are detailed on page 85 of the Company’s Annual Report 2021. • The Enterprise Wide Risk profile of Puncak Niaga Group, which was deliberated by the Risk Management Scorecard Working Group (“RMSWG”) is also reviewed on an annual basis at the beginning of each calendar year by the CICR. <p>The internal control system implemented in Puncak Niaga Group is driven by five (5) key elements which are the control environment, risk assessment, control activities, information and communication and monitoring.</p> <p>The Board is of the view that the Group’s risk management and internal control system is sound and sufficient to safeguard the shareholders’ investment and the Group’s assets.</p> <p>For further information, please refer to the Statement on Risk Management and Internal Control as set out in pages 83 to 89 of the Company’s Annual Report 2021.</p>
<p>Explanation for 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>	
<p>Measure :</p>	
<p>Timeframe :</p>	

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	:	Adopted																		
Explanation on adoption of the practice	:	<p>The composition of the Compliance, Internal Control and Risk Policy Committee (CICR) comprises wholly of the Independent Non-Executive Directors of the Company as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name of INEDs</th><th>Designation</th></tr></thead><tbody><tr><td>1.</td><td>YBhg Dato' Sri Adenan bin Ab. Rahman</td><td>Independent Non-Executive Director/Chairman</td></tr><tr><td>2.</td><td>YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason</td><td>Independent Non-Executive Director/Member</td></tr><tr><td>3.</td><td>YBhg Datuk Sr Haji Johari bin Wahab</td><td>Independent Non-Executive Director/Member</td></tr><tr><td>4.</td><td>YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj</td><td>Independent Non-Executive Director/Member</td></tr><tr><td>5.</td><td>Encik Noor Faiz bin Hassan</td><td>Independent Non-Executive Director/Member</td></tr></tbody></table>	No.	Name of INEDs	Designation	1.	YBhg Dato' Sri Adenan bin Ab. Rahman	Independent Non-Executive Director/Chairman	2.	YBhg Prof Emeritus Datuk Dr Marimuthu A/L Nadason	Independent Non-Executive Director/Member	3.	YBhg Datuk Sr Haji Johari bin Wahab	Independent Non-Executive Director/Member	4.	YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj	Independent Non-Executive Director/Member	5.	Encik Noor Faiz bin Hassan	Independent Non-Executive Director/Member
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4.	YM Tengku Loreta binti Tengku Dato' Setia Ramli Alhaj	Independent Non-Executive Director/Member																		
5.	Encik Noor Faiz bin Hassan	Independent Non-Executive Director/Member																		

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 Audit Committee maintains a transparent relationship and close engagement with the internal audit function. In relation to internal audit activities for the year under review:</p> <ul style="list-style-type: none">• Reviewed the competency, resources and assessed the performance of the Internal Audit Department for the year 2021 and approved the 2022 Annual Internal Audit Plan at the 121st Meeting of the Audit Committee held on 24 November 2021. The Internal Audit Department is manned by competent professionals from auditing, plantation and construction management disciplines with the requisite work experience and internal audit experiences.• Reviewed the Internal Audit reports, which highlighted the audit issues, recommendations and the Management's responses and directed for follow up actions to be taken by the Management to rectify and improve on the weaknesses/shortcomings identified in the Internal Audit Reports.• For the critical areas, the Audit Committee invited the relevant Heads of Divisions and/or the Managing Directors and/or the Executive Directors of the operating subsidiaries to attend the Audit Committee Meeting.• Monitored the implementation of recommendations made by the Internal Audit Department arising from its audits in order to obtain assurances that all key risks and control concerns have been fully addressed.• Reviewed the status of audit assignments reported by the Internal Audit Department at each Audit Committee Meeting to ensure that the progress is in line with the approved 2021 Audit Plan.
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>During the financial year, the Internal Audit Department was led by its Assistant General Manager, Ruzitamazni Arshad who is a Chartered Member of Malaysian Institute of Internal Auditors (“CMIIA”), Certified Internal Auditor (“CIA”), Certification in Risk Management Assurance (“CRMA”), Certification in Control Self-Assessment, Certified Enterprise Risk Governance (“CERG”). She possesses more than twenty five (25) years of auditing, risk management, governance and entrepreneurship experience. The Internal Audit Department has a total of three (3) internal auditors, including the Head of Internal Audit who possess the requisite qualifications as well as vast experiences in various aspects of auditing.</p> <p>The internal auditors have completed at least two (2) man-days of training in 2021 which consist of relevant professional courses, seminars and on-the-job training including industry related training. All internal auditors have signed the declaration that they were and have been independent, objective and in compliance with the Code of Ethics of the Institute of Internal Auditors in carrying out their duties for the financial year under review.</p> <p>The total cost incurred by the Internal Audit Department in relation to the conduct of the internal audit functions of Puncak Niaga Group during the financial year ended 31 December 2021 was approximately RM470,373.</p> <p>The Internal Audit Department is guided by the Internal Audit Department’s Department Manual which was duly approved by the Executive Committee and aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 12.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner. In addition to various announcements made during the year, the timely release of the Group's consolidated financial results on quarterly basis provides the shareholders and investors with an overview of the Group's financial and operational performances.</p> <p>The Company maintains regular and effective communication with its shareholders and stakeholders, attend to shareholders' and investors' e-mails and phone calls enquiries and during the Company's General Meetings and other events. The Notice for the Company's AGMs contains relevant information including the shareholders' rights to demand for a poll vote to enable them to exercise their rights.</p> <p>The Notice for the Company's AGM is posted at the Investor Relations link - Annual Report 2021 at the Company's website, www.puncakniaga.com.my</p> <p>The Annual Report of Puncak Niaga which is produced in line with best corporate governance practices also serves as a key channel of communication with various stakeholders. Information on the Group is also accessible via the Company's website, www.puncakniaga.com.my</p> <p>The Company's Investor Relations Policy & Report is set out on pages 94 and 95 of the Annual Report 2021 and is also posted at the Investor Relations link - Corporate Governance at the Company's website, www.puncakniaga.com.my</p>
Explanation for departure :	

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

Measure	:		
Timeframe	:		

Intended Outcome

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	:	Applied	
Explanation on application of the practice	:	Puncak Niaga’s Annual Report is aimed at a broad audience of stakeholders, including employees, local communities, non-governmental organisations (“NGOs”), customers and the government. Our disclosure is consistent with the Core Option of the Global Reporting Initiative (“GRI”) G4 Sustainability Reporting Guidelines.	
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	:	The Notice of the 25 th AGM of Puncak Niaga is issued on 26 April 2022 with 28 clear days' notice period.	
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>The Board members are encouraged and have always committed themselves to attend all general meetings of the Company.</p> <p>The Chairman of the respective Board Committees avail themselves to the shareholders at the Annual General Meetings of the Company to answer queries on matters that fall under their purview, if any.</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>In view of the COVID-19 pandemic and as part of the safety measures, the Company's Twenty-Fourth Annual General Meeting ("24th AGM") held on 25 May 2021 was conducted entirely through live streaming from the Broadcast Venue at the Boardroom, 12th Floor, Wisma Rozali, No. 4, Persiaran Sukan, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan and online remote voting using the Remote Participation and Voting ("RPV") facilities in the manner prescribed by Securities Commission Malaysia's Guidance on the Conduct of General Meetings for Listed Issuers.</p> <p>At the 24th AGM of the Company, no substantive resolutions were put forth for the shareholders' approval, except for the routine resolutions pertaining to receiving the annual audited financial statements, re-appointment and re-election of Directors of the Company and re-appointment of Auditors of the Company. All resolutions were voted on by poll by the shareholders via the RPV provided by Tricor Investor & Issuing House Services Sdn Bhd and validated by the Independent Scrutineers, Coopers Professional Scrutineers Sdn Bhd. Coopers Professional Scrutineers Sdn Bhd also acted as the Independent Observer for the Question & Answer Session at the 24th AGM to confirm that the Company has addressed all questions raised by Minority Shareholders Watch Group and those raised during the proceedings of the virtual 24th AGM.</p> <p>For year 2022, the resolutions set out in the Notice of the Company's 25th AGM will also be conducted via poll voting as mandated in Paragraph 8.29A of the MMLR of Bursa Securities using the RPV.</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.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The 24th AGM of the Company held on 25 May 2021 was conducted virtually in its entirety via Remote Participation and Voting (RPV) facilities. The virtual AGM was live streamed on Tricor's website for shareholders to attend, speak and vote remotely in compliance with Section 327 of the Companies Act 2016.</p> <p>At the commencement of the Company's 24th AGM the Executive Chairman, Tan Sri Rozali Ismail introduced the Board of Directors and Officers of the Company and the representative of the Company's external Auditors, Grant Thornton Malaysia PLT to the Members.</p> <p>Encik Azlan Shah bin Tan Sri Rozali, the Managing Director of the Company and Madam Wong Ley Chan, the Chief Financial Officer of the Company presented the Company Presentation on the operations and financial highlights of the Group to the Members.</p> <p>As in the Company's previous years' practice, the Company's reply to the Minority Shareholders Watch Group ("MSWG") questions were read out at the 24th AGM and the Company's written reply was sent to MSWG and the Company's answers to all MSWG's questions were posted on the Company's website at www.puncakniaga.com.my after the Meeting.</p> <p>All the questions posed before the Meeting and on the day of the Meeting were addressed at the 24th AGM by the Chairman. Coopers Professional Scrutineers Sdn Bhd were appointed as the Independent Observer to provide confirmation to the Company that all questions received before and on the day of the Meeting had been addressed by the Company. The Summary of Key Matters Discussed at the Company's 24th AGM is posted on the Company's website at www.puncakniaga.com.my.</p>

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

Intended Outcome

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>In view of the COVID-19 pandemic, the Company held its 24th AGM fully virtual. The Remote Participation and Voting (RPV) facilities provided by the share registrar, Tricor Investor & Issuing House Services Sdn Bhd (Tricor) via its TIH Online website at https://tiah.online allowed shareholders to pose questions to the Board and Chairman of the AGM via typed text in the query box. The shareholders submitted their questions at any time from the day of the Notice of the 24th AGM and up to the time when the Meeting was in progress.</p> <p>During the “Questions and Answers” session, TIH Online platform broadcast live the questions/remarks and answers given by the Company during the Meeting; and the shareholders had experienced real time interaction with the Board during the 24th AGM 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 13.6

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 Company has maintained its existing practice of publishing the Summary of Key Matters Discussed at the 24 th AGM which included the details of the proceedings and poll results and the questions raised by MSWG and answers given by the Company and salient questions and answers raised by its members during the Meeting.
	: The Summary of Key Matters Discussed at the 24 th AGM held on 25 May 2021 was uploaded onto the Company's website no later than 30 days after the Meeting.
<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
PERSUANT 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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