

CORPORATE GOVERNANCE REPORT

STOCK CODE : PICORP 7201
COMPANY NAME : PROGRESSIVE IMPACT CORPORATION BERHAD
FINANCIAL YEAR : December 31, 2018

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 roles and responsibilities of the Board are set out in the Board Charter.</p> <p>The Board meets at least four (4) times a year to review the quarterly performance of the Group, annual budget and strategic business plans presented by Management before approval or execution.</p> <p>The Board monitors the performance of the Group and business strategies at board meetings through briefings, updates and reports from the Group Executive Director ("GED"), Group Financial Controller ("GFC") and Senior Management team.</p> <p>The Board has delegated certain functions to the following Board Committees to assist in the execution its duties and responsibilities:</p> <ul style="list-style-type: none"> (a) Audit Committee ("AC"); (b) Nominating Committee ("NC"); (c) Remuneration Committee ("RC"); (d) Board Risk Management Committee ("BRMC"). <p>The Board Committees operate under their own clearly defined terms of reference.</p> <p>For more information on the Board's leadership role, governance practices please refer to the Corporate Governance Overview Statement in the Annual Report 2018.</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 1.2

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>Datuk Abdul Hamid bin Sawal, who is the Senior Independent Director, is the Chairman of the Board.</p> <p>The Chairman carries out a leadership role in conduct of the Board and its relations with the shareholders and stakeholders. The roles of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none">(a) lead the Board in setting its values, ethical standards and instilling good corporate governance practices;(b) facilitate the progress and conduct of meetings;(c) stimulate debates on issues and encourage positive contributions from each Board Member;(d) set the agenda for Board Meetings with assistance of the Company Secretary and ensure all relevant issues for the effective running of the Company's business are on the agenda;(e) ensure proper flow of information to the Board, review the adequacy and timing of board papers in support of Management's proposal and review of performance of the Company and/or Group;(f) ensure effective communication with shareholders and relevant stakeholders;(g) perform any other responsibilities that may be assigned by the Board from time to time.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and CEO are held by two different individuals. The function of CEO is undertaken by the Group Executive Director ("GED").</p> <p>There is clear division of roles and responsibilities between the Chairman of the Board and the GED to ensure that there is a balance of power and authority and that no individual has unfettered powers of decision. The Chairman, Datuk Abdul Hamid bin Sawal, is responsible for the leadership of the Board and ensures effectiveness of the Board while the GED, Dato' Dr Lukman bin Ibrahim, manages the day-to-day business and operations and also implements the Board's directives, strategies and policies.</p> <p>The distinct and separate roles and responsibilities of the Chairman and GED are provided in Paragraph 4 of the Board Charter which is available on our website, www.picorp.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 board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by the following Companies Secretaries who qualified to act under the Companies Act 2016:-</p> <ul style="list-style-type: none">a. Puan Zaidah binti Mohd Salleh (MIA 3313)b. Ms Wong Wai Foong (MAICSA 7001358)c. Ms Kuan Hui Fang (MIA 16876) <p>Attendance and minutes of all Board and Board Committee meetings are properly recorded and kept by the Company Secretaries.</p> <p>The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance practices of the Company.</p> <p>In this respect, they play an advisory role to the Board, particularly with regard to the Company's Constitution, Board policies and procedures, corporate governance best practices and its compliance with regulatory requirements, codes, guidelines and legislations.</p> <p>The Company Secretaries have undertaken continuous professional development by attending training during the year under review.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</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 1.5

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>Board meetings are scheduled in advance and an annual meeting calendar is circulated to all Directors at the beginning of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules.</p> <p>The Directors receive notice of meetings and meeting materials in advance of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each Board meeting.</p> <p>Notification is also sent to respective divisions on the deadlines for submission of meeting materials to allow Management to make the necessary preparations. All meeting materials are compiled and sent to the Directors as soon as practicable.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Group Legal, Secretarial and Human Capital communicates to the relevant divisions on the Board's decisions/recommendations via circulation of draft minutes of meetings for appropriate actions to be taken. He also follows up with the divisions on the implementation or status of actions and updates the Board at Board meetings. Action items would remain as matters arising in the minutes of meetings until they are fully resolved.</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 Charter was established on 21 April 2014 and it serves as reference for the Board members of their fiduciary duties as Directors of the Company. It provides guidance and clarity regarding the roles and responsibilities of the Board and the requirements of Directors in carrying out their roles and discharging their duties towards the Company and/or Group.</p> <p>The Board Charter is periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.</p> <p>The Board Charter is made available for reference in the Company's website at www.picorp.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	:	In order to sustain good corporate governance, the Board has established and adopted the Code of Conduct on 7 November 2018. The Code of Conduct is available at the Company's website, www.picorp.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 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>On 22 August 2016, a Whistleblowing Policy was established as an avenue for employees and stakeholders to report genuine concerns about malpractices, unethical behaviour, misconduct or failure to comply with regulatory requirements without fear of reprisal.</p> <p>The Company's Whistleblowing Policy is available it the website, www.picorp.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 4.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Following the re-designation of Dato' Dr Lukman bin Ibrahim as Group Executive Director on 1 March 2018, three (3) out of seven (7) Directors are Independent Non-Executive Directors.	
		The Board has identified a few candidates but requires more time to evaluate, select and appoint an additional independent director to ensure that the new board member has the necessary skills, experience and knowledge, as well as network which can be leveraged on for the success of the Group.	
<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 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Two Tier Voting
Explanation on application of the practice	:	<p>Mr Lee Weng Chong was first appointed as an Independent Director on 19 July 2004 and served in office until 31 December 2015. On 2 September 2016, he was appointed as Independent Director to the Board again. Mr Lee has served a cumulative term exceeding twelve (12) years.</p> <p>The Board will be tabling a resolution to retain Mr Lee Weng Chong as an Independent Director for shareholders' approval at the upcoming AGM of the Company. In addition, the Board will also table a resolution to retain Datuk Abdul Hamid Bin Sawal, who has served as an Independent Director of the Company since 23 May 2011 and will reach the nine-year term limit on 22 May 2020, to continue to act as an Independent Director of the Company.</p> <p>The two tier voting process will be applied for the resolution on the retention of Mr Lee Weng Chong as an Independent Director.</p> <p>Justifications of the Board for tabling the above resolutions can be found in the Corporate Governance Overview Statement.</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 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to 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 4.4

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board, through the NC appoints new director based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The NC also reviews and evaluates the appointment of Senior Management and their duties and the continuation of their services for recommendation to the Board.</p> <p>Terms of Reference of the NC is set out in the Company's website at www.picorp.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 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supportive of gender diversity and has put in place a Boardroom Diversity Policy on 20 November 2017.</p> <p>At present, the Board has two (2) female Directors and a female Alternate Director.</p> <p>Full details of Boardroom Diversity Policy can be referred to in the Company's website at www.picorp.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 4.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible for assessing and recommending to the Board the suitable candidates for appointment of Director. The NC has the liberty to rely on external opinions and services for such recommendations. The Board will have the ultimate responsibility and final decision on such appointment.</p> <p>The assessment and selection of the candidate should be based on the following criteria, amongst others:</p> <ul style="list-style-type: none"> • the candidate's character, skills, knowledge, expertise, qualification and experience; • understanding of the industry in which the Group is operating in; • integrity; • professionalism; and • any potential conflict of interest with the Group; <p>Notwithstanding the above, the NC also takes into consideration the following factors for the purposes of the appointment: -</p> <ul style="list-style-type: none"> • other factors that promote diversity in age, gender, ethnicity and experience; and • in the case of candidates for the position of Independent Non-Executive Director, whether such candidate has met the requirements for independence as defined in Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Datuk Abdul Hamid bin Sawal, Senior Independent Non-Executive Director.	
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 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is tasked by the Board to carry out an annual assessment/evaluation on the performance of the Directors and the Board Committees. The annual exercise involves Directors completing questionnaires covering the assessment of the Board and Board Committee's performance, assessment of individual Directors (self and peer evaluation), assessment on mix of skills and experience of Board and assessment on independence.</p> <p>The annual evaluation in respect of the financial year ended 31 December 2018 was conducted internally on 28 February 2019, facilitated by the Company Secretaries. The Directors' responses were collated by the Company Secretaries and the summary of findings was tabled before the NC for deliberation. The NC reviewed and assessed the findings and made recommendations to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company started the process of drafting the Remuneration Policy in the second half of 2018.</p> <p>On 28 February 2019, the Remuneration Policy for Directors and Senior Management with the following objectives was approved by the Board:-</p> <ul style="list-style-type: none"> (a) Drive behaviour that is consistent with PICORP Values; (b) Promote symmetric outcomes with the risk appetite of PICORP by encouraging prudent risk taking in decision-making and the undertaking of business activities; (c) Deliver a total reward proposition that is affordable yet competitive, fair and justifiably differentiated; (d) Attract and retain high-quality individuals with the optimum mixture of competencies, ability, experience and skill to deliver on strategy; and (e) Encourage a culture of organisational, team and individual performance and significantly incentivising individuals who deliver sustained performance consistent with strategic goals. <p>The Remuneration Policy is available at the Company's website, www.picorp.com.my</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

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 6.2

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	:	The RC comprises wholly Independent Non-Executive Directors. The Terms of Reference of the RC is available at www.picorp.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 assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

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	<p>In line with the best corporate governance practice, the disclosure of the Directors' remuneration on a named basis shall be implemented.</p> <p>The remuneration of the Directors for the financial year ended 31 December 2018 is set out in the table below:-</p> <p>COMPANY LEVEL</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Salary (RM'000)</th> <th>Bonus (RM'000)</th> <th>EPF (RM'000)</th> <th>Benefits-in-kind (RM'000)</th> <th>Directors' Fee (RM'000)</th> <th>Others (RM'000)</th> <th>TOTAL (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="8">Chairman / Senior Independent Non-Executive Director</td> </tr> <tr> <td>Datuk Abdul Hamid bin Sawal</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>40</td> <td>32</td> <td>72</td> </tr> <tr> <td colspan="8">Executive Directors</td> </tr> <tr> <td>Zaid bin Abdullah</td> <td>880</td> <td>145</td> <td>181</td> <td>81</td> <td>28</td> <td>150</td> <td>1,465</td> </tr> <tr> <td>Dato' Dr Lukman bin Ibrahim</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>28</td> <td>24</td> <td>52</td> </tr> <tr> <td colspan="8">Non-Independent Non-Executive Directors</td> </tr> <tr> <td>Zaidah binti Mohd Salleh</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>28</td> <td>38</td> <td>66</td> </tr> <tr> <td>Usamah bin Zaid</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>28</td> <td>12</td> <td>40</td> </tr> <tr> <td colspan="8">Independent Non-Executive Directors</td> </tr> <tr> <td>Dato' Hajjah Rosnani binti Ibarahim</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>28</td> <td>36</td> <td>64</td> </tr> <tr> <td>Lee Weng Chong</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>28</td> <td>28</td> <td>56</td> </tr> </tbody> </table> <p>GROUP LEVEL</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Salary (RM'000)</th> <th>Bonus (RM'000)</th> <th>EPF (RM'000)</th> <th>Benefits-in-kind (RM'000)</th> <th>Directors' Fee (RM'000)</th> <th>Others (RM'000)</th> <th>TOTAL (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="8">Chairman / Senior Independent Non-Executive Director</td> </tr> <tr> <td>Datuk Abdul Hamid bin Sawal</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>40</td> <td>32</td> <td>72</td> </tr> <tr> <td colspan="8">Executive Directors</td> </tr> <tr> <td>Zaid bin Abdullah</td> <td>880</td> <td>145</td> <td>181</td> <td>81</td> <td>44</td> <td>150</td> <td>1,481</td> </tr> <tr> <td>Dato' Dr Lukman bin Ibrahim</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>42</td> <td>24</td> <td>66</td> </tr> <tr> <td colspan="8">Non-Independent Non-Executive Directors</td> </tr> <tr> <td>Zaidah binti Mohd Salleh</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>67</td> <td>32</td> <td>99</td> </tr> <tr> <td>Usamah bin Zaid</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>28</td> <td>12</td> <td>40</td> </tr> <tr> <td colspan="8">Independent Non-Executive Directors</td> </tr> <tr> <td>Dato' Hajjah Rosnani binti Ibarahim</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>30</td> <td>36</td> <td>66</td> </tr> <tr> <td>Lee Weng Chong</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>28</td> <td>28</td> <td>56</td> </tr> </tbody> </table>	Director	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits-in-kind (RM'000)	Directors' Fee (RM'000)	Others (RM'000)	TOTAL (RM'000)	Chairman / Senior Independent Non-Executive Director								Datuk Abdul Hamid bin Sawal	N/A	N/A	N/A	N/A	40	32	72	Executive Directors								Zaid bin Abdullah	880	145	181	81	28	150	1,465	Dato' Dr Lukman bin Ibrahim	N/A	N/A	N/A	N/A	28	24	52	Non-Independent Non-Executive Directors								Zaidah binti Mohd Salleh	N/A	N/A	N/A	N/A	28	38	66	Usamah bin Zaid	N/A	N/A	N/A	N/A	28	12	40	Independent Non-Executive Directors								Dato' Hajjah Rosnani binti Ibarahim	N/A	N/A	N/A	N/A	28	36	64	Lee Weng Chong	N/A	N/A	N/A	N/A	28	28	56	Director	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits-in-kind (RM'000)	Directors' Fee (RM'000)	Others (RM'000)	TOTAL (RM'000)	Chairman / Senior Independent Non-Executive Director								Datuk Abdul Hamid bin Sawal	N/A	N/A	N/A	N/A	40	32	72	Executive Directors								Zaid bin Abdullah	880	145	181	81	44	150	1,481	Dato' Dr Lukman bin Ibrahim	N/A	N/A	N/A	N/A	42	24	66	Non-Independent Non-Executive Directors								Zaidah binti Mohd Salleh	N/A	N/A	N/A	N/A	67	32	99	Usamah bin Zaid	N/A	N/A	N/A	N/A	28	12	40	Independent Non-Executive Directors								Dato' Hajjah Rosnani binti Ibarahim	N/A	N/A	N/A	N/A	30	36	66	Lee Weng Chong	N/A	N/A	N/A	N/A	28	28	56
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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 7.2

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	:	<p>Remuneration paid to the top four Senior Management (excluding the GED whose remuneration has been disclosed under the remuneration of Directors) for the financial year ended 31 December 2018 amounted to RM2,574,733.00.</p> <p>The remuneration of the top four Senior Management of the Group disclosed above is on an aggregate basis. The Board is of the opinion that the disclosure of the Senior Management's personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.</p> <p>The Board ensures that the remuneration of Senior Management commensurate with the performance of the Group, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Group successfully. Excessive remuneration pay-outs are not made to Senior Management personnel in any instance.</p> <p>The disclosure of the remuneration of the top four Senior Management of the Group is currently made on an aggregate basis and it allows stakeholders to make an appreciable link between remuneration of Senior Management and the performance of the Group.</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

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 7.3 - 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	:	Please provide an explanation on the adoption.

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 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC comprises three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p> <p>The AC Chairman is Mr Lee Weng Chong while the Chairman of the Board is Datuk Abdul Hamid bin Sawal.</p> <p>The Terms of Reference of the AC reflects the requirements in Practice 8.1 of the Malaysian Code on Corporate Governance.</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 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company recognizes the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two years.</p> <p>Paragraph 6 of the Terms of Reference of the AC states that no former key audit partner shall be appointed as a member of the AC before observing a cooling-off period of at least two (2) years.</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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC assesses the suitability and independence of the external auditors annually. Private sessions are held without the presence of Management to ensure that the external auditors can freely discuss and express their opinions on any matter to the AC.</p> <p>The Board had on 22 August 2016 adopted the Policy on External Auditors to lay down the responsibilities of the AC regarding the External Auditors.</p> <p>In the carrying out the assessment of the external auditors, the AC shall consider:</p> <ul style="list-style-type: none">(a) the quality and rigour of the audit;(b) the quality of service provided;(c) the external auditors' internal quality control procedures;(d) communication with the Board and/or AC;(e) the external auditors' independence and objectivity;(f) the external auditors' adequacy of resources; and(g) any other criteria deemed fit by the AC and/or the Board. <p>On 28 February 2019, the AC had carried out the annual assessment on the suitability and independence of the external auditors and was satisfied with the results of the assessment.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Please provide an explanation on the adoption.

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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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 Chairman and members of the AC are financially literate and have carried out their duties in accordance with the Terms of Reference of the AC.</p> <p>During the financial year, the AC received updates on financial reporting developments and changes in regulatory environment from the external auditors.</p> <p>The Board, via the NC, reviews the terms of office of the AC members through an annual evaluation exercise. The Board was satisfied with the AC's performance as they possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is fully committed to maintain a sound system of internal control and risk management to safeguard the shareholders’ investments, Group’s assets and interest of other stakeholders.</p> <p>The information on Risk Management and Internal Controls are set out in the Statement on Risk Management and Internal Control in the Annual Report 2018.</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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The key features of the Group's risk management and internal control framework, which covers their adequacy and effectiveness are disclosed under the Statement on Risk Management and Internal Control in the Annual Report 2018.	
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 9.3 - 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	:	Please provide an explanation on the adoption.

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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group's internal audit function is outsourced to a professional services firm to assist the Board and AC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.</p> <p>The internal auditors have direct access and report directly to the AC. The internal auditors table the Annual Internal Audit Plan to the AC for approval and report their internal audit findings and recommendations and status of Management's implementation/corrective actions to the AC at every AC meeting.</p> <p>Private sessions are held without the presence of Management to ensure that the internal auditors can freely discuss and express their opinions on any matter to the AC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

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 currently outsourced to an independent professional firm i.e. Baker Tilly Monteiro Heng Governance Sdn Bhd. (“Baker Tilly”). Baker Tilly reports functionally to the AC. This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned suggestive corrective actions. The activities of the internal audit function are guided by the Annual Internal Audit Plan prepared by Baker Tilly, which must be presented to the AC for approval.</p> <p>The Head of Baker Tilly, is a chartered member of the Institute of Internal Auditors Malaysia and a member of Association of Chartered Certified Accountants and also a member of the Malaysian Institute of Accountants. He is supported by two to three staff, to complete each and every internal audit assignment according to the approved Internal Audit Plan.</p> <p>The Internal Audit function is carried out in accordance with the risk-based approach and the Internal Control - Integrated Framework issued by The Committee of Sponsoring Organisations of Treadway Commission (“COSO”).</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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established the Shareholders and Investors Communication Policy on 27 February 2017.</p> <p>The Company regards the Annual General Meeting ("AGM") as an important event in the corporate calendar of which all Directors and key senior executives should attend. The AGM serves as an important forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders. The Chairman encourages active participation by the shareholders during the AGM.</p> <p>On 15 May 2018, the Company had organized a luncheon talk for its investors held at The Royale Chulan, Bukit Bintang to strengthen its relationship with its investors.</p> <p>Another important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on business activities, the Company strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.</p> <p>The Company also maintains a website at www.picorp.com.my which can be accessed by shareholders to keep abreast with the Group's development. The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Group's performance and operations in addition to the various announcements or press releases made during the 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

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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:	Not applicable as the Company is not a Large Company as defined under the Malaysian Code on Corporate Governance.	
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 12.1

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 for forthcoming Annual General Meeting is given at least 28 days prior to the meeting. The additional time given to the shareholders to allow them to make the necessary arrangements to attend and participate in person or through their proxy. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>The notes to the Notice of the 27th AGM dated 30 April 2019 provide explanations for the resolution to be proposed to the shareholders for approval.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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	:	At the 26 th Annual General Meeting on 13 June 2018, all Directors, Chairs of Board Committees and Senior Management were present to engage directly with shareholders and be accountable for their stewardship 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	:		

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	Not applicable.
Explanation for departure	:	<p>Not applicable to the Company. The Company does not have a large number of shareholders to warrant voting in absentia and/or remote shareholders' participation at General Meeting. As at 2 April 2019, the Company has 2,280 shareholders only.</p> <p>Since 2008, the general meetings of the Company have been held at the Company's office in Bukit Jelutong, a location which is easily accessible.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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