

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5436
COMPANY NAME : Perusahaan Sadur Timah Malaysia (Perstima) Berhad
FINANCIAL YEAR : March 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of Perusahaan Sadur Timah Malaysia (Perstima) Berhad ("Perstima" or "the Company") acknowledges that it is ultimately accountable and responsible for the overall performance and affairs of the Company by overseeing and appraising the Company's strategies, policies and performance.</p> <p>The duties, power and functions of the Board are governed by the Constitution of the Company, the Companies Act 2016, Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other regulatory guidelines and requirements that are in force from time to time.</p> <p>In discharging its roles and responsibilities effectively, the Board is guided by the Board Charter which outlines the duties and responsibilities of the Board, as well as the matters that the Board delegated specific powers and responsibilities to the Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee. Each committee operates its functions in accordance with its respective terms of reference which are periodically reviewed and report to the Board. The Chairman of the respective Board Committees will report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board to ease for decision making, where necessary. The respective terms of reference of the Board committees are available on the Company's website at www.perstima.com.my.</p> <p>The Board plays a pivotal role in reviewing the Company's strategic direction and approving corporate strategic initiatives developed by the Management. The Managing Director ("MD") and Management are the pillars to support and assist the Board in discharging their duties and responsibilities. The MD is responsible for the day-to-day business and operations of the Company and its subsidiaries ("the Group") with the support from the Management team. The Board reviews its Board</p>

	<p>Charter regularly to ensure it complies with legislations and corporate governance's best practices in the business operations of the Company. The Board Charter is available on the Company's website at www.perstima.com.my.</p> <p>The Board also places emphasis to maintain highest level of integrity and ethics throughout the Group. The Company is committed in conducting business dealings with integrity, honesty and respect to avoid bribery and corruption practices in all form across Perstima's daily operations and all personnel at all level in the Group. The Anti-Bribery and Corruption Policy Statement, which was put in place on 29 May 2020, is available on the Company's website at www.perstima.com.my.</p> <p>During the quarterly Board meetings held during the financial year under review, the Board reviewed and assessed the Management's performance and these processes were properly documented in the Board's minutes of meeting.</p> <p>Nevertheless, the Board remains ultimately responsible for corporate governance and the affairs of the Company. At all times, the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities to safeguard and enhance shareholders' value and raise the performance of the Group.</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

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 Board is led by an Independent Non-Executive Director, namely Dato' Wee Hoe Soon @ Gooi Hoe Soon. He was first appointed to the Board on 25 July 2013 and re-designated as the Chairman of the Board on 16 October 2013.</p> <p>The roles of the Chairman are enshrined in the Board Charter which include chairing general meeting of shareholders, representing the Board to the shareholders and communicating the Board's position, leading the Board by facilitating constructive discussion and debate during Board meetings, determining in consultation with Management the agenda for the Board's deliberations and ensuring that the Board and its Committees are fully supplied with the information and resources necessary to discharge its duties effectively. The review of Board responsibilities and effectiveness is conducted by the Board periodically.</p> <p>The roles and responsibilities of the Chairman are set out in Section 4.2 of the Board Charter which is available on the Company's website at www.perstima.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>The Board recognises the importance of exercising objective oversight over Management in order to safeguard the interest of the Company and its stakeholders. Stemming from this, the Board aims to ensure that there is an appropriate balance of power and authority in the Company to prevent any individual Director from dominating deliberations and the decision-making process.</p> <p>Appropriately, the positions of Chairman and MD are held by two different individuals. The position of Chairman is held by Dato' Wee Hoe Soon @ Gooi Hoe Soon whilst the position of MD is held by Mr Hiroaki Yano ("Mr Yano"). The respective roles and responsibilities of the Chairman and MD are clearly articulated in the Board Charter, which is available on the Company's website at www.perstima.com.my.</p> <p>The Chairman is primarily responsible for the stewardship and smooth functioning of the Board, i.e. ensuring the Board effectively discharges its leadership, control roles and assists the Board fulfils the goals it sets by assigning specific tasks to members of the Board. The Chairman also acts as liaison between the Board and Management, carries out other duties as requested by the Board as a whole, depending on the needs and circumstances.</p> <p>The MD is primarily responsible for overseeing and managing day-to-day business operations of the Group, implementing the Group's business plan, policies and strategies adopted by the Board as well as building a dynamic corporate culture with the requisite skills and competency and acting as the Group's chief spokesperson. The MD is also responsible for developing and recommending the Board the budgets of the Group that support the Group's long-term vision, strategy and vision, formulating and monitoring the implementation of major corporate policies. The powers, discretions and delegations of the MD are authorised from time to time by 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

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 two (2) Company Secretaries, namely Ms Tai Yit Chan (MAICSA 7009143 & SSM Practicing Certificate No. 202008001023) and Ms Chan Yoke Peng (MAICSA 7053966 & SSM Practicing Certificate No. 202008001791) who are qualified under Section 235(2) of the Companies Act 2016. The Company Secretaries are experienced and competent in performing their duties as well as play an advisory role to the Board. The Board has ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The Board is also regularly apprised and advised by both Company Secretaries. In discharging their role as counsels to the Board, the Company Secretaries ensure proper advisory to the Board, particularly with regards to any new statutory and regulatory requirements, codes, guideline and listing requirements as well as pertinent governance matters from time to time.</p> <p>The Company Secretaries attend all the Board and Board Committees meetings to ensure proper supply of relevant information as well as the accuracy and adequacy of meeting materials, recording of meeting minutes and resolutions and well documented the deliberations at Board and Board Committee meetings and subsequently communicate to the Management for appropriate actions.</p> <p>The Company Secretaries also serve as a focal point for stakeholders' communication and engagement on corporate governance issues.</p> <p>The Company Secretaries play a vital role to ensure that the processes and proceedings of the annual general meetings are in place and properly managed which are to be held in every calendar year. The Company Secretaries will assist the Chairman and the Board to conduct the general meeting and ensure the minutes and the questions raised by the shareholders are properly recorded.</p> <p>The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and development in the realm of corporate governance through attending relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the Companies</p>

	Commission of Malaysia or MAICSA for practising Company Secretaries. Detailed information on the functional accountabilities of the Company Secretaries is encapsulated in the Board Charter, which is available on the Company's website at www.perstima.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

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>The Board meets at least quarterly with additional meetings convened as and when necessary. To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to all Directors in advance for the Directors' consideration.</p> <p>The Board is provided with Notice of Board meetings setting out the agenda and sent to the Directors at least seven (7) days prior to the meeting.</p> <p>The relevant agenda papers and a set of Board papers are given to the Directors at least five (5) business days prior to every Board meeting for Directors' review, to enable them have sufficient time to read the agenda papers and obtain further information and explanation, where necessary in order to have a meaningful deliberation on the matters to be tabled for decision making.</p> <p>The Board and Board Committee meetings during the financial year under review have been taken place as per normal despite the COVID-19 pandemic. The Directors participated in the Board and Board Committee meetings either virtually or in person to ensure the Company's business and operations remain uninterrupted.</p> <p>Upon conclusion of the meeting, the minutes of meetings of Board and Board Committees are prepared within a reasonable period. The draft minutes are circulated together with the Board papers to members of the Board and Board Committee members at the following meetings of the Board and Board Committees.</p> <p>The minutes of meetings are properly recorded the decisions, including key deliberations, rationale for each decision made and any concerns or dissenting issues. In addition to the provision, the Directors, either as a group or individually, may upon obtaining prior Board's approval seek independent advice, where necessary, at the Company's expenses on any matters in relation to the discharge of their fiduciary duties as Directors 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 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 serves as a primary reference for the fiduciary duties of the Directors including Independent Director and Senior Independent Director, the functions of the Board Committees, governance matters as well as guidelines for newly appointed Directors.</p> <p>The Board has established a Board Charter to clearly outline the roles and responsibilities of the Chairman, MD, Board Committees, Independent Director, Company Secretaries as well as Tenure of Directors, Communication with Stakeholders and Board Structure and Procedures.</p> <p>The Board has reserved a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes strategic issues and planning, formulation of policies, material acquisition and disposal of assets, implementing an appropriate system of risk management, approval of the financial statements, financing and borrowing activities, ensuring regulatory compliance, reviewing the adequacy and integrity of internal controls, overseeing the investment and business of the Group, limit of authority and conflict of interest issue relating to a substantial shareholder or a Director including approving related party transactions.</p> <p>In developing and reviewing the Board Charter, the Board has taken into account the applicable rules, laws and regulations as well as internal policies.</p> <p>The Board Charter is periodically reviewed by the Board and updated based on the prevailing regulatory promulgations as and when necessary. The Board Charter was last review on 18 August 2020 and is available on the Company's website at www.perstima.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>It is a fundamental policy of the Company that aims to outline the standards of business conduct and ethical behaviour of the directors, management and employees must practise honesty and integrity in fulfilling their duties and responsibilities and comply with all applicable laws and regulations and to enhance high standards of personal integrity and professionalism. It is thus the responsibility of all officers and employees to comply with the Code of Ethics and Standard of Conduct and report violations or suspected violations thereto.</p> <p>The Board has established the Code of Ethics and Standard of Conduct ("Code") for Directors, Management and Officers of the Group. The Board reviews the Code periodically or as and when the need arises to ensure it is kept contemporaneous.</p> <p>Taking cognisance of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, and in particular the implementation of the corporate liability provision that took effect on 1 June 2020, the Board has also adopted Anti Bribery and Corruption Policy Statement on 29 May 2020 to address any improper solicitation, bribery and other corrupt activities that may arise in the Company's course of business</p> <p>A copy of the Code and the Anti Bribery and Corruption Policy Statement are available on the Company's website at www.perstima.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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to the highest standards of professionalism, honesty, integrity and ethical behaviour in the conduct of its business and operations. With this, the Board has established a Whistle Blowing Policy to inculcate the culture of good business ethics and governance within the Group and provides a clear line of communication and reporting of genuine concerns for employees and other stakeholders.</p> <p>The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Group. The identity of the whistleblower is accorded protection of strict confidentiality of identity unless otherwise required by law or for purpose by or against the Company</p> <p>It is the Audit Committee's prerogative to decide whether to initiate the investigation.</p> <p>The Whistle Blowing Policy is available on the Company's website at www.perstima.com.my and is subject to periodic review by the Audit Committee.</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	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that having at least half of the Board to consist of Independent Directors would undeniably elevate objectivity whilst preventing dominance and complacency within the boardroom.</p> <p>During the financial year 2021, the Board has seven (7) members comprising four (4) Independent Non-Executive Directors (“INEDs”), one (1) Non-Independent Non-Executive Director and two (2) Executive Directors, which constitute more than 50% of the Board comprises Independent Directors that satisfied the independent test of the MMLR of Bursa Securities. A brief profile of each Director is presented in the Company’s Annual Report 2021.</p> <p>The current size and composition of the Board is within the range which is appropriate. The Board believes that the current size of the Board is sufficient to enable its Committees to operate and being dynamic and responsive to the needs of the Group.</p> <p>An annual assessment of independence of the INEDs would be conducted on annual basis. Based on the evaluation results, the Board was satisfied that each INEDs has fulfilled the independence criteria set out in the MMLR of Bursa Securities and they continue to demonstrate their independence through their engagement in all meetings, providing objective challenge to the Management, exercise their independent judgement and the ability to act in the best interest of the Company to the decisions made by 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

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	:	Not applicable - No independent director(s) serving beyond 9 years	
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 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 conducts regular reviews of its composition with the aim to ensure it achieves a diverse Board which is able to unearth a breadth of perspectives. In sourcing for suitable candidates, the Company takes into account the benefits of having different facets of diversity including gender, age, cultural, educational background, ethnicity, nationality, professional experience, skills, and knowledge.</p> <p>The Board includes a balanced composition of Executive, Non-Executive Directors and Independent Non-Executive Directors which indicates a strong element of independence in the Board. Directors and Senior Management personnel are retained based on merit, in the context of skills, time commitment and experience, in order for the Board and Management to be effective.</p> <p>The ethnic diversity in the boardroom would be encouraged as it provides advantages that can help a company prosper inclusive but not limited to sharing of knowledge in different markets to enhance the Company's global presence as well as sharing of viewpoints by Directors from different ethnic background as when a variety of viewpoints are thrown into the problem-solving mix, new and innovative solutions can be reached. There is no specific target of the board in terms of ethnic of its board members or members of Senior Management. The Board with a wide range of age has the advantage of creating a dynamic, multi-generational workforce with a diverse range of skill sets that are beneficial to the Company.</p> <p>On regular basis, the Nomination Committee is tasked to discuss the measurable objectives, and review the required mix of skills and experience, e.g. core competencies for achieving diversity on the Board and Senior Management and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.</p> <p>The Board is currently made up of members with a mix of skill sets, vast knowledge and experience, e.g. accounting, finance, banking, engineering, legal, marketing/sales, taxation, human resource and business management and age ranged from 48-65.</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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board is of the view that diversity on the Board enhances the decision-making capability of the Company and it improves Board discussions process by allowing different perspectives to be included in decision making.</p> <p>The Board has not specified any gender policy but the current Board composition comprises two (2) women directors, i.e. approximately 29%, namely Ms Ranko Kume (Executive Director) and Puan Mastura binti Mansor (Independent Non-Executive Director). Both of them were appointed to the Board on 31 December 2015 and 15 August 2016 respectively. The Board will continue to review the gender diversity and put its efforts in getting other suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board in future.</p> <p>The Company also ensure diversity in its Management level by having strong female representation at the Management level which could potentially be a pipeline for future candidates to be appointed as Directors or Senior Management.</p>	
<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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The current process with regards to the appointment of new directors to the Board is based on the recommendation from the Nomination Committee. The Board relies on the existing network and referrals from directors and major shareholders as primary means to source for new directors as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business.
		The Directors appointment process is carried out based on a methodical process undertaken by the Nomination Committee. Candidates recommended are thoroughly assessed based on their competence, integrity, character, time commitment and experience as stated in paragraph 2.20A of the MMLR.
		Detailed information on the process undertaken by the Nomination Committee including its process of identifying and appointing a candidate can be found in the Terms of Reference of the Nomination Committee on the Company's website at www.perstima.com.my .
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Nomination Committee may consider utilise variety of independent sources, e.g. directors' registry, industry and professional association, open advertisements or independent recruitment agency to identify suitably qualified candidates from the independent sources in addition from the Directors, Management or Shareholders of the Company for its assessment before recommending to the Board based on criteria set.
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	:	<p>The Nomination Committee is chaired by a Senior Independent Director, namely Mr Dominic Aw Kian-Wee.</p> <p>The Board acknowledges that an effective recruitment and evaluation process of Directors is the bedrock of a high-performing Board. The Board therefore entrusts to Mr Dominic Aw Kian-Wee, as a Senior Independent Director, who is the most suitable and qualified person to lead the conduct of the process in an objective manner.</p> <p>In discharging his duties as the Chairman of the Nomination Committee, he undertakes to perform the following:-</p> <ul style="list-style-type: none">• lead the annual reviewing of Board Effectiveness Evaluation, ensuring that the performance of the Board, Board Committees, each individual Director as well as the Chief Financial Officer are assessed objectively and holistically;• lead the succession planning and appointment of Board members as well as Senior Management, if any;• lead the assessment of Directors' training needs periodically with the aim of devising relevant professional development programmes based on such assessment for recommendation to the Board;• lead the assessment on the size and composition of the Board; and• lead the assessment and consider female candidate(s) to be appointed as Director(s) of the Company to achieve gender diversity.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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 Board has established a Directors' Assessment Policy which sets out the criteria to be used in the assessment of each individual Directors, Board Committees and MD. This includes Strategic, Ethical and Value-Driven, Competency and Capability as well as Commitment.</p> <p>The following five (5) assessments have been conducted by the Company during the financial year under review:-</p> <ul style="list-style-type: none">(i) Board and Board Committees Performance Evaluation;(ii) Evaluation of level of independence of an Independent Director;(iii) Director's Self Performance Evaluation in terms of character, experience, integrity, competence and time commitment;(iv) Audit Committee Performance Evaluation by Nomination Committee; and(v) Audit Committee Member's Self and Peer Evaluation <p>The Nomination Committee had met twice during the financial year ended 31 March 2021 on 23 June 2020 and 18 August 2020, which were attended by all Nomination Committee members. Below is a summary of the activities undertaken by the Nomination Committee for the financial year ended 31 March 2021:-</p> <ul style="list-style-type: none">• Conducted annual assessment on the effectiveness of the Board and Committees covering areas such as Board structure and operation, management relationship with the Board, Board's role and responsibilities, the required mix of skills and experience of the Directors, time commitments, skills, characters, experiences, integrity and competencies to effectively discharge the role as a Director and reported the findings in the Board meeting.• Reviewed and assessed the level of independence of the Independent Directors of the Company.• Reviewed, considered and recommended to the Board for approval, the re-election of Directors who retire pursuant to Clauses 99 and 106 of the Constitution of the Company at

	<p>Forty-Second (“42nd”) Annual General Meeting (“AGM”). The Directors due to retirement and subject to re-election at the 42nd AGM were Mr Hiroaki Yano, Puan Mastura binti Mansor and En Ab. Patah bin Mohd.</p> <ul style="list-style-type: none"> • Reviewed and discussed the suitable orientation and training programmes for continuous development of Directors for the year 2021. • Reviewed, assessed and recommended to the Board for approval of the appointment of Mr Hiroshi Sagawa as Chief Financial Officer of the Company. <p>Based on the evaluation results, the Board and the Nomination Committee concluded the following that:-</p> <ol style="list-style-type: none"> (a) The current composition of the Board of Directors, which comprises members who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively; (b) The Board was found competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board’s decision-making process; (c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors; (d) The Board and Board Committees had contributed positively to the Group and were operating in an effective manner; (e) The performance of the Audit Committee, Nomination Committee and Remuneration Committee were found to be effective and consistently exceeding expectations; (f) The Directors demonstrated good character, experience, integrity, competence and possess the necessary traits and time to effectively serve on the Board or the Company; and (g) The Independent Directors had demonstrated their independence through their engagement in meetings and provided objective challenges to the Management as well as independent judgment to decisions made by the Board.
<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>	

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	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised and adopted Remuneration Policy and Procedures to determine the remuneration of Directors and Senior Management. The Remuneration Policy and Procedures are premised on the need for the remuneration practices of the Company to be competitive, ensuring the Company is able to attract and retain high-calibre Directors.</p> <p>The remuneration package for Executive Directors is structured to be linked with the rewards to corporate and individual performance, e.g. key performance indices while Non-Executive Directors' remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>The Remuneration Policy and Procedures are regularly reviewed by the Board and will be amended as appropriate to reflect the current best practices. Such policy and procedures is available on the Company's website at www.perstima.com.my.</p> <p>In determining the remuneration of the Senior Management, the Remuneration Committee considers the roles, skills, competency and the individual's performance by using key performance indicators.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 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	:	<p>The Remuneration Committee consists of four (4) members, all members are of Non-Executive Directors, namely Mr Rin Nan Yoong (Chairman), Dato' Wee Hoe Soon @ Gooi Hoe Soon, Mr Dominic Aw Kian-Wee and Puan Mastura binti Mansor.</p> <p>The Remuneration Committee is responsible for considering and recommending the following matters to the Board for its approval:-</p> <ul style="list-style-type: none">(i) To review and recommend to the Board the remuneration framework of Executive Directors and key management personnel and the remuneration package for each Executive Director and key management personnel are sufficiently attractive and able to retain high calibre staff.(ii) To recommend to the Board any performance-related pay schemes for Executive Directors and key management personnel.(iii) To review Executive Directors' scope of service contracts.(iv) To consider the appointment of the service of independent advisers or consultants as it deems necessary to fulfil its functions. <p>The Remuneration Committee's Terms of Reference is periodically reviewed by the Board and disclosed on the Company's website at www.perstima.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

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	:	Detailed disclosure on named basis for the remuneration of individual Directors (including the MD and the Executive Director) and the remuneration breakdown of each individual director includes fee, salary and other emoluments for both the Company and the Group has been disclosed in the Corporate Governance Overview Statement of the Company's Annual Report 2021. The overall remuneration packages of Non-Executive Directors is subject to annual shareholders' approval. The interested Directors would abstain for voting in respect of their shareholdings on the resolution relating thereto at the AGM 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

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>The Remuneration Committee and the Board are of the view that the disclosure of the Senior Management's remuneration components (salary, bonus, benefits in-kind, other emoluments) on named basis would not be in the best interest of the Group due to confidentiality and risk of talent attrition attributed to the highly competitive environment for scarce human resources in the tinplate industry.</p> <p>Nevertheless, below is the remuneration of the top five (5) management of the Group falls into the following bands of remuneration:-</p> <table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>Top five (5) salaries</th> </tr> </thead> <tbody> <tr> <td>RM190,000 – RM239,999</td> <td>2</td> </tr> <tr> <td>RM240,000 – RM289,999</td> <td>3</td> </tr> <tr> <td>Total</td> <td>5</td> </tr> </tbody> </table> <p>The Board wishes to give assurance that the remuneration of the Senior Management commensurate with their individual performances, taking into consideration the Group's performance.</p>	Range of Remuneration	Top five (5) salaries	RM190,000 – RM239,999	2	RM240,000 – RM289,999	3	Total	5
Range of Remuneration	Top five (5) salaries									
RM190,000 – RM239,999	2									
RM240,000 – RM289,999	3									
Total	5									
<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 7.3 - 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	:	

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>Puan Mastura binti Mansor is an Independent Non-Executive Director and is also the Chairperson of Audit Committee. The Chairman of the Board is Dato' Wee Hoe Soon @ Gooi Hoe Soon.</p> <p>The Board is of the view that having the same Director for both Chairman of the Audit Committee and Chairman of the Board may impair objectivity and may lead to concentration of power in a single Director. As such, the Chairman of the Audit Committee is distinct from the Chairman of the Board. In addition, having the positions of Chairman of the Board and Chairman of the Audit Committee assumed by different individuals allows our Board to objectively review the Audit Committee's findings and recommendations.</p> <p>Puan Mastura binti Mansor's full profile can be found in the Company's Annual Report 2021.</p> <p>The duties and responsibilities of the Chairman of the Audit Committee are outlined in the Terms of Reference of the Audit Committee, which is also available on the Company's website at www.perstima.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

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 Terms of Reference of the Audit Committee stipulate that a former key audit partner must observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.</p> <p>This is to ensure that the independence of the audit process is safeguarded from the potential threats and conflicts which may arise when a former key audit partner joins the Company.</p> <p>To date, the Company has not appointed any former key audit partner as Director 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 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 Audit Committee is responsible for assessing the capabilities and independence of the external auditors and to also recommend to the Board on their appointment, reappointment or termination of their services to the Company.</p> <p>During the financial year under review, the Audit Committee has monitored and reviewed the performance and independence of the external auditors, namely, Messrs KPMG PLT ("KPMG") and was satisfied that the external auditors have been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the Audit Committee and the Group.</p> <p>The Audit Committee had also conducted an annual assessment of the external auditors for the year 2021. Areas of assessment include technical competencies, capabilities, adequacy of specialist support and senior audit partners' accessibility and time commitment. The external auditors had confirmed to the Board their independence in writing by providing both audit and non-audit services up to the date of this report.</p> <p>The Audit Committee has met with the external auditors once on 23 June 2020 in the absence of the Executive Directors and Management during the financial year ended 31 March 2021. No major issues requiring attention of the Audit Committee.</p> <p>The Company has established policy on governing the provision of non-audit services that can be provided by the external auditors by incorporating the same in the Terms of Reference of the Audit Committee.</p> <p>The Audit Committee was satisfied with the suitability of KPMG based on the quality of audit, performance, competency, sufficiency of resources the external audit team provided to the Group. The Audit Committee therefore recommended to the Board for its recommendation for shareholders' approval on the re-appointment of KPMG as the Auditors of the Company at the forthcoming Forty-Third ("43rd") AGM.</p>

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

Intended Outcome

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 :	

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 Audit Committee assists the Board in the effective discharge of its responsibilities in the area of financial reporting of the Group. The Audit Committee currently comprises majority of Independent Non-Executive Directors, namely Puan Mastura binti Mansor (Chairperson), Dato' Wee Hoe Soon @ Gooi Hoe Soon, Mr Dominic Aw Kian-Wee and Mr Rin Nan Yoong.</p> <p>The Audit Committee possess a wide range of skills and the requisite financial literacy to discharge its duties effectively. Dato' Wee Hoe Soon @ Gooi Hoe Soon is a member of Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants, and thus, fulfilling the requirement of Paragraph 15.09(1)(c) of the MMLR of Bursa Securities which requires at least one (1) member of the Audit Committee to be a member of a professional accountancy body.</p> <p>Through the Nomination Committee, the Board reviews the terms of office of the Audit Committee and assess the performance of the Audit Committee annually in accordance with Paragraph 15.20 of the MMLR of Bursa Securities. The review of the term of office and performance assessment of the Audit Committee through an annual Board Committee effectiveness evaluation.</p> <p>All members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules to enable them to sustain their active participation in the functions of the Audit Committee. The trainings and seminars attended by the Audit Committee members for the financial year ended 31 March 2021 are disclosed under the Corporate Governance Overview Statement in the Company's Annual Report 2021.</p>

	<p>During the Audit Committee Meetings, the members of the Audit Committee were briefed by the external auditors on the following key areas:-</p> <ul style="list-style-type: none"> • Financial Reporting developments; • Adoption of new Malaysian Financial Reporting Standards; • Malaysian Code on Corporate Governance (where appropriate); and • Other changes in regulatory environment. 	
<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 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 of Perstima is ultimately responsible for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework. The Board has in place an ongoing process for identifying, evaluating, monitoring and managing the principal risks that may affect the achievement of business objectives of the Group.</p> <p>The Board through Audit Committee reviews the key risks identified regularly to ensure sufficient measures are taken to mitigate the risk. The Board is also assisted by the Audit Committee in reviewing the adequacy and the effectiveness of the Company's risk management and internal control framework.</p> <p>In relation to internal control framework, the internal audit function which is outsourced to a professional services firm, namely ShineWing TY TEOH Risk & Governance Sdn. Bhd. and reports directly to the Audit Committee, provides the Audit Committee and Board with the assurance they require pertaining to the adequacy and effectiveness of internal control system. The internal audit was carried out based on audit plan approved by the Audit Committee. The Audit Committee works with the internal auditors to ensure that the internal audit plan encompasses the audit of key processes or areas in Perstima Group, effective control measures are in place and the follow-up audits have also been properly conducted.</p> <p>Quarterly financial results and annual financial statements are also reviewed by the Audit Committee to ensure information to be disclosed therein gives a true and fair view of the financial position of the Group and of the Company for approval by the Board.</p> <p>Furthermore, the external auditors also provide the required assurance to the Board on the integrity of the Company's financial reporting.</p> <p>Besides the above, Management has also put in place policies and procedures to ensure that Management's directives to mitigate risks for the achievement of key objectives of the Company are carried out.</p>

	Details of the Risk Management and Internal Control Framework put in place during the financial year ended 31 March 2021 can be found in the Statement on Risk Management and Internal Control in the Annual Report 2021 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

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	:	<p>Management is responsible to manage the key business risks of the Group and implement appropriate internal control systems to manage those risks. The Board via the Audit Committee oversees the adequacy and effectiveness of the risk management framework and system of internal controls, and the policies and compliance procedures with respect to business practices.</p> <p>The key features of Perstima's risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control of the Company's Annual Report 2021, including the adoption of internationally recognised risk management frameworks, key risks areas and relevant risk responses in mitigating the risk exposures.</p> <p>The internal audit function assists the Audit Committee in evaluating the effectiveness of the Company's risk management and internal control system through its internal audit plan. The Board also obtains such assurance from Management and other assurance providers in ensuring the adequacy and effectiveness of its risk management and internal control systems.</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 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 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 internal audit function of the Company is carried out by the outsourced Internal Auditors, namely - ShineWing TY TEOH Risk & Governance Sdn. Bhd. to provide an independent assurance to the Board on the effectiveness and adequacy of the Group's system of internal control. Details of the internal audit function are set out in the Statement on Risk Management and Internal Control and Audit Committee Report in the Company's Annual Report 2021.</p> <p>The internal audit reports were presented to the Audit Committee at the Audit Committee meetings held on 23 June 2020 and 27 January 2021 respectively. The internal auditors reviewed the internal audit findings and actions taken by the Management to address the issues raised in the internal audit reports as well as evaluate the audit recommendations on the issues. The Audit Committee also updated the Board on the outcome of the internal audit reports.</p> <p>The Head of internal audit reports directly to the Audit Committee and assists the Audit Committee in the discharge of its duties and responsibilities.</p> <p>Evaluation of the effectiveness of the internal audit function for the period from 1 April 2020 to 31 March 2021 was conducted on 25 May 2021 by the Audit Committee.</p> <p>The Audit Committee holds regular private meetings with the Internal Auditors team without the presence of Executive Directors and Management to discuss on significant internal audit matters. These private meetings provide an avenue for the internal audit team to surface any pertinent issues or concerns that they were gathered.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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 Company's internal audit function is outsourced to an external service provider to ensure the function is independent from the operations and free from any relationship, conflict of interest and influence of the Management which could impair their objectivity and independence.</p> <p>During the financial year ended 31 March 2021, the outsourced Internal Auditors provided a total of two (2) personnel to the internal audit function. All the personnel were free from any relationships or conflicts of interest, which could impair their objectivity and independence during their course of work.</p> <p>All internal audit work carried out is guided by the International Professional Practices Framework promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors.</p> <p>In accordance with the Terms of Reference of the Audit Committee, such Committee had on 25 May 2021 conducted an annual assessment of the performance of the internal audit function and was satisfied with the competency, experience and resources of the internal audit function for discharging its role and responsibilities.</p> <p>Information on the internal audit function is also disclosed in the Company's Annual Report 2021.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 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 understands that stewards of the Company, they are accountable to their shareholders as well as other stakeholders. As such, the Board endeavours to ensure that the Company remains in constant communication with its stakeholders.</p> <p>In building a closer relationship with its stakeholders, the Board, along with Management ensure that the Company's website, www.perstima.com.my contains the latest information on the Company including, but not limited to its corporate information, operation activities, announcements and financial performance.</p> <p>Stakeholders may at any time direct questions or request publicly available information via the communication channels provided in the website. The Company places great importance on stakeholders' privacy and will not disclose information of stakeholders unless otherwise required by law.</p> <p>The annual report of the Company also serves as alternate channel of communication between the Group, its shareholders and stakeholders. The annual report communicates the comprehensive information relating to the business activities and financial performance of the Company during the financial year under review.</p> <p>In addition, the Board also perceives the general meetings as an ideal opportunity to communicate with its shareholders. During the general meetings, shareholders are encouraged to participate in general meetings and before any proposed resolution is put to a vote, the Chairman of the meeting will open the floor to questions so that all shareholders' queries could be adequately addressed.</p> <p>Despite the Company conducted its 42nd AGM virtually through live streaming and online remote participation by using remote participate and voting facilities at the broadcast venue, the shareholders were given opportunities to post their questions before and during the AGM via query box were succinctly addressed by the Chairman of the meeting and the MD. Subsequently, the questions raised by the shareholders were recorded in the Minutes of the 42nd AGM and</p>

	published at the Company's website as soon as practicable after the conclusion of the 42nd AGM.	
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	:		
Explanation for departure	:	Not applicable as the Company is not a Large Company as defined by the Malaysian Code on Corporate Governance.	
<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 Board recognises the significance of the AGM as a platform for direct and meaningful communication between the Board and the Company's shareholders. As such, the Board strives to ensure that shareholders are accorded with sufficient time to consider the resolutions that will be discussed and proposed upon at the AGM.</p> <p>In this regard, twenty-eight (28) clear days' notice was given prior to the 42nd AGM which was held on 18 August 2020 way above and beyond Section 316(2) of the Companies Act 2016 and Paragraph 7.15 of the MMLR of Bursa Securities which call for a twenty-one (21) days' notice period. The Company will continue to circulate Notice of AGM at least twenty-eight (28) days prior to the upcoming AGM to ensure shareholders have sufficient time to go through the Annual Report and circular supporting the resolutions proposed. The additional time given to shareholders allows them to make the necessary arrangements to participate in person through corporate representatives, proxies or attorneys. In addition, the shareholders are accorded with sufficient time to consider the resolutions that will be discussed and decided upon at the AGM.</p> <p>The notice for the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM, to enable the shareholders to make informed decisions in exercising their voting right. The Proxy Form can be downloaded by the shareholders at the designated link as they have the right to appoint a proxy, and allows a member to appoint a proxy who need not be a member of the Company</p> <p>Notification will be sent to shareholders that the 2021 Annual Report, Circular to Shareholders, 43rd AGM Notice, Proxy Form and Administrative Guide are available on the Company's website.</p> <p>The 43rd AGM Notice also incorporates detailed advice and instructions on members' entitlement to attend the meeting, appointment of proxy(ies) and the website address of the online meeting platform as well as the deadline for lodgement of Proxy Form. The Administrative Guide provides key information on the holding of the meeting which</p>

	<p>will be held and conducted on a fully virtual basis, i.e. via remote participation and electronic voting (“RPV”) facilities and the guide on the registration process applicable to the different type of shareholders (individual, corporate, nominees, etc.), to facilitate shareholders’ attendance and assist them in their registration.</p> <p>In order to achieve the widest possible dissemination, the notice of AGM is placed both in a nationally circulated newspaper and the Company’s website at www.perstima.com.my besides being despatched to shareholders.</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

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	:	<p>All seven (7) Directors including the Chair of all the respective Board Committees attended the last AGM to engage directly with shareholders and be accountable for their stewardship of the Company.</p> <p>In ensuring quality interaction between the Board, Management and shareholders at the AGM, the Chairman of the Board explicitly mentions the shareholders' and proxies' voting rights and their right to demand a poll, during the meeting.</p> <p>There is an open question and answer session whereby shareholders may ask questions and seek clarifications on the performance of the Group. The Chairman of the Board encourages shareholders and proxies to actively participate during AGM by giving sufficient time to the floor during the questions and answers session in relation to the Company's financial statements, before putting a resolution to vote. During the proceedings of the 42nd AGM, the shareholders were encouraged to post their questions in the query box via Virtual Meeting Portal in order to transmit their questions online. All questions raised by the shareholders and proxies were attended accordingly.</p> <p>Besides the Directors, the Management and the external auditors were also in attendance to respond to shareholders' queries.</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 12.3

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	:	Applied
Explanation on application of the practice	:	<p>The Board regards general meetings as a key platform for shareholders to exercise their rights and have their “voices” heard through the votes cast by them. The Board also acknowledges the need to leverage on technology for voting in absentia or remote shareholders’ participation.</p> <p>In supporting the Government of Malaysia’s initiative to curb the spread of COVID-19 and its official guidance on social distancing, the Company conducted its first virtual AGM on 18 August 2020 by leveraging on the RPV facilities, which were available on the meeting platform of LUMI AGM offered by its poll administrator, namely Boardroom Share Registrars Sdn. Bhd. at the broadcast venue at Meeting Room TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.</p> <p>The RPV facilities had enabled remote shareholders’ participation and online remote voting by leveraging on technology, in accordance with Section 327(1) and (2) of the Companies Act 2016.</p> <p>Shareholders/proxies who attended the Company’s fully virtual 42nd AGM had voted remotely using the RPV facilities.</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	:	

**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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