

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(PURSUANT TO PARAGRAPH 15.25(1) OF THE MAIN MARKET LISTING REQUIREMENTS (MMLR) OF BURSA MALAYSIA SECURITIES BERHAD (BURSA MALAYSIA))

**At Pharmaniaga Berhad (Pharmaniaga), we recognise that effective corporate governance is fundamental to our success, sustainability and ability to create long terms value for all stakeholders. As such, the Board is committed to upholding the highest standards of transparency, accountability, integrity, and ethical conduct in all aspects of our operations.**

Our corporate governance practices are designed to ensure that we operate in a manner that is consistent with the interests of our shareholders, employees, customers, suppliers, and the communities in which we operate. By adhering to best practices and continuously evaluating and enhancing our governance framework, we aim to maintain the trust and confidence of our stakeholders while driving sustainable growth and delivering value over the long term.

In this Corporate Governance Overview Statement, we set out the principal features of Pharmaniaga and its subsidiaries' (collectively, the Group) corporate governance approach, summary of corporate governance practices during the year under review, as well as key focus areas and future priorities in relation to corporate governance. Guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia.

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG). The updated MCCG dated 28 April 2021 introduced a number of new practices and guidance to listed issuers with the aim of strengthening their corporate governance culture.

The Corporate Governance Report is available on the Group's website, [www.pharmaniaga.com](http://www.pharmaniaga.com) as well as via announcement made on the website of Bursa Malaysia. This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Integrated Report, namely Statement on Risk Management and Internal Control, Audit Committee Report and the Sustainability Statement.

## CORPORATE GOVERNANCE APPROACH

The Board of Pharmaniaga is committed towards reinforcing its market position in the pharmaceutical sector, whilst remaining true to the Group's well-established corporate governance philosophies which are ingrained in the Group's core values, namely, Respect, Integrity, Teamwork and Excellence. The Board believes that a robust and dynamic corporate governance

framework is essential to form the bedrock of responsible and responsive decision making in the Group. The Group's overall approach to corporate governance is to:

- promote heightened accountability at the leadership level (Board and Senior Management);
- adopt the substance behind corporate governance enumerations and not merely in form;
- conduct a thorough debate and rigorous enquiry process before establishing corporate governance systems, policies and procedures;
- identify opportunities to drive the synergistic implementation of corporate governance systems, policies and procedures for improved strategic and operational decision making; and
- find a fine balance in meeting the expectations of all stakeholders within the Group.

Given that the Board forms the pivot of good corporate governance, the Board steers efforts to promote meaningful and thoughtful application of good corporate governance practices. The Group regularly reviews its corporate governance arrangements and practices to ascertain if they reflect prevailing norms, market dynamics, emerging trends, developments in the regulatory tapestry and evolving stakeholder expectations.

## SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment to sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other best practices. Pharmaniaga has applied all the Practices encapsulated in the MCCG for the financial year ended 31 December 2023 with the exception of:

- **Practice 5.2:** At least half of the Board composition comprises of independent directors;
- **Practice 5.9:** 30% women Directors in the Boardroom; and
- **Practice 8.2:** Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Governance

149

In line with the latitude accorded in the application mechanism of the MCGG, the Company has provided explanations for the departures from the said Practices, supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Although the Company does not meet the requirement under Practice 5.2 of the MCGG during the financial year under review, the Company is in compliance with the requirement set under the Main Market Listing Requirement. Further details on the application of each individual Practice of the MCGG are available in the Corporate Governance Report.

A summary of the Group's corporate governance practices with reference to the MCGG is described below.

### BOARD'S ROLES AND RESPONSIBILITIES

The Board's primary role is to determine Pharmaniaga's strategic objectives and policies to deliver sustainable value to its shareholders. In ensuring the protection and enhancement to shareholder value, it takes into account the interest of stakeholders, customers, suppliers, regulators, non-governmental organisations and the general public, amongst others. The Board is ultimately accountable for the performance of the Group, governs its affairs on behalf of the shareholders and retains full and effective control over it. To this end, the Board sets goals, policies and targets within a framework of prudent and effective controls which enables risk to be assessed and managed. Additionally, the Board ensures the necessary resources and capabilities are in place to deliver its strategic aims and objectives.

The following are the Board's principal roles and responsibilities in discharging its leadership function and fiduciary duties toward meeting the goals and objectives of the Group:

- Reviewing and adopting a strategic plan
- Monitoring the conduct of business
- Reviewing the adequacy and integrity of information and internal control systems and identifying principal risks and implementation of appropriate internal controls and mitigation measures
- Reviewing and adopting a strategic plan which supports long-term value creation and business sustainability
- Succession planning
- Ensuring effective communication with stakeholders

The roles of the Chairman and Chief Executive Officer (CEO) are separate and clearly defined and are held by two distinct parties. This distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with a focused approach, facilitates efficiency and expedites informed decision making. Whilst the Chairman provides leadership to the Board, the responsibility for the overall business and day-to-day management of Pharmaniaga for the financial year ended 31 December 2023 was delegated to the Executive Committee (EXCO) following the resignation of former CEO, Datuk Zulkarnain Md Eusope. Since then, the role and functions of CEO has been replaced by the Executive Committee (EXCO), led by Ahmad Shahredzuan Mohd Shariff (Chairman/Non-Independent Non-Executive Director) and supported by Zulkifli Jafar (Deputy CEO), Mohamed Iqbal Abdul Rahman (Chief Operating Officer) and Norai'ni Mohamed Ali (Chief Financial Officer). EXCO members have been delegated certain powers to execute transactions that are guided by rules and procedures and in accordance with the authority limits as defined and formalised.

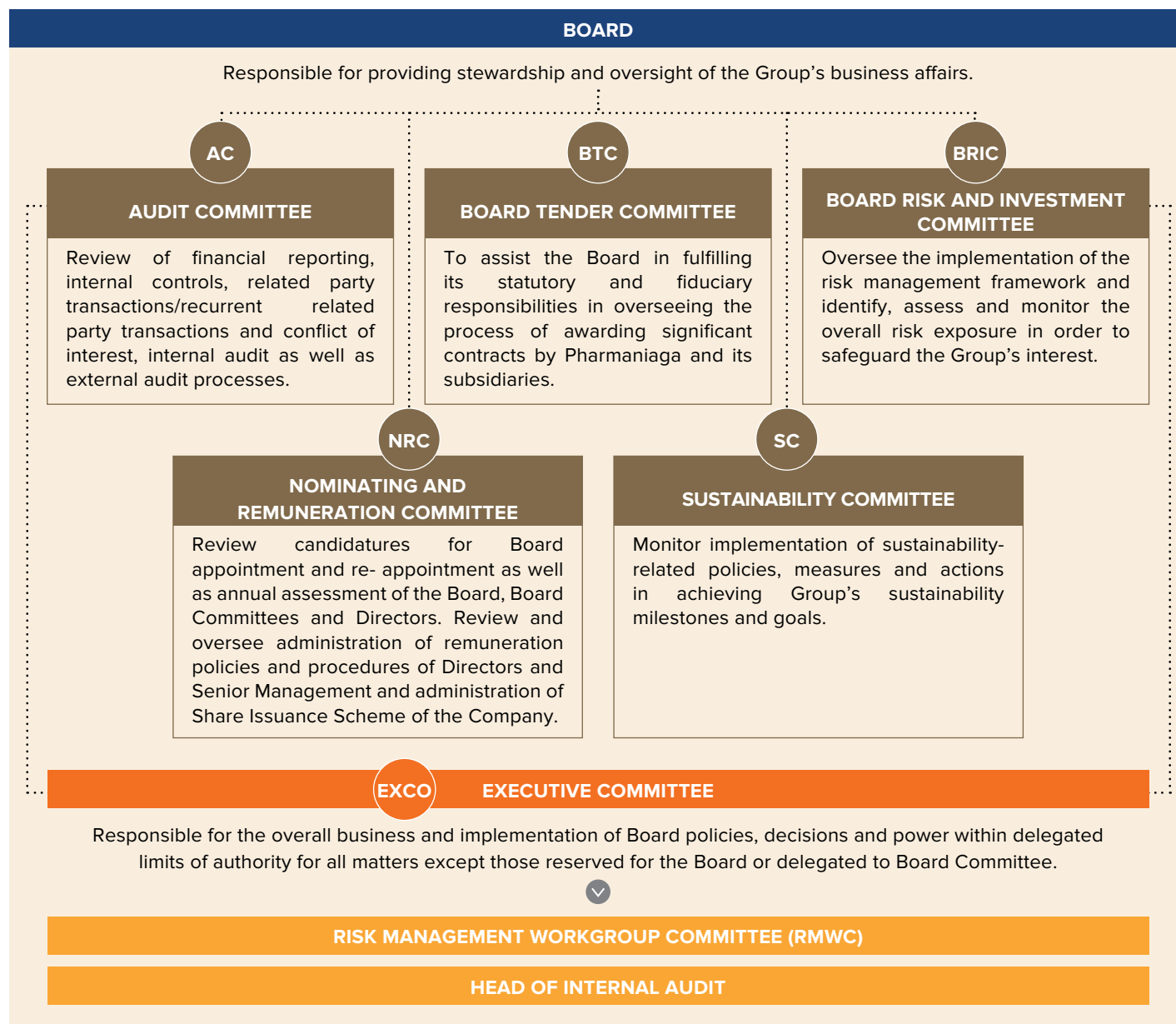
In performing their duties, the Board is supported by two professionally qualified and competent joint Company Secretaries who, under the direction of the Chairman, are accountable for all matters with regard to the proper functioning of the Board as well as to facilitate effective information flows within the Board and Board Committees and between Senior Management and the Non-Executive Directors.

All Directors have access to the advice and services of the Senior Management and Company Secretaries on matters relating to the Group and necessary compliance by the Group. The Directors, in their individual capacity or collectively, may seek independent professional advice in furtherance of their duties, whenever necessary and in appropriate circumstances at the Company's expense.

The joint Company Secretaries attended all meetings of the Board and Board Committees and advise the Directors on the requirements of the Company's Constitution and legislative promulgations such as the Companies Act 2016, Capital Markets and Services Act 2007 (Amendment 2012) MMLR of Bursa Malaysia.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

150



## GOVERNANCE FRAMEWORK

The Board discharges its responsibilities within a clearly defined governance framework and robust mechanisms in place. Through the framework, the Board delegates its governance responsibilities to the Committees of the Board and other Management Committees. The Board retains ultimate accountability and responsibility for the performance and affairs of the Company and ensures that the Group adheres to high standards of ethical behaviour.

The table above illustrates the Group's governance structure and an overview of the key Board Committees and Management Committees for the financial year ended 31 December 2023.

As depicted in the table, the Board is assisted by five Board Committees in its oversight function with reference to specific responsibility areas. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance.

The Board has formalised a Board Charter which serves as the primary source of reference on the governance together with roles and responsibilities of the Board, Board Committees and individual Directors. The Board Charter is available on the Group's website, [www.pharmaniaga.com](http://www.pharmaniaga.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Governance

151

## ATTENDANCE AT BOARD MEETINGS

In accordance with the Company's Constitution, the Board is required to meet at least four (4) times a year. The dates of these scheduled meetings are determined well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on an ad hoc basis to deliberate urgent matters. All Directors attended at least 75% of all Board meetings held during the financial year under review. Members of the Senior Management were also invited to attend selected Board meetings to support the Board with further information on the matters being deliberated.

During the financial year under review, the Board deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, financial results as well as key performance indicators. Directors must immediately declare

if they have any interest in transactions that are to be entered into directly or indirectly with the Company. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after they become aware of the conflict of interest. They must also abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party.

Board meetings are convened immediately following the finalisation of the Company's quarterly and annual results for the Board to review and approve prior to announcements to Bursa Malaysia.

The attendance of individual Directors at Board and Board Committees meetings during the financial year ended 31 December 2023 is outlined below:

Director	Board	AC	NRC	SC	BRMC	BTC
<b>Managing Director</b>						
Datuk Zulkarnain Md Eusope <sup>1</sup>	2/2	-	-	-	-	-
<b>Executive Director</b>						
Zulkifli Jafar <sup>2</sup>	2/2	-	-	-	-	-
<b>Non-Independent Non-Executive Chairman</b>						
Izaddeen Daud <sup>3</sup>	21/22	1/1	-	-	-	-
Datuk Seri Zainal Abidin Mohd Rafique <sup>4</sup>	1/1	-	-	-	-	-
<b>Senior Independent Non-Executive Director</b>						
Dr. Abdul Razak Ahmad <sup>5</sup>	22/22	10/10	7/7	2/2	3/3	-
<b>Independent Non-Executive Director</b>						
YB Senator Datuk Dr. Haji Azhar Ahmad <sup>6</sup>	10/13	-	-	1/1	-	-
Dato' Dr. Najmil Faiz Mohamed Aris <sup>7</sup>	1/1	-	-	-	-	1/1
Sarah Azreen Abdul Samat	22/22	10/10	7/7	-	3/3	1/1
Datuk Lim Thean Shiang <sup>8</sup>	14/14	4/5	5/5	-	1/2	1/1
Dr. Mary Jane Cardosa <sup>9</sup>	10/14	-	-	2/2	1/1	-
<b>Non-Independent Non-Executive Director</b>						
Ahmad Shahredzuan Mohd Shariff <sup>10</sup>	20/20	8/8	6/6	1/1	2/2	-
Mohammad Ashraf Md. Radzi <sup>11</sup>	4/4	-	-	-	-	-

Board/Board Committee Chairman

Member

<sup>1</sup> Redesignated from Managing Director to Chief Executive Officer on 22 February 2023. Resigned as Chief Executive Officer w.e.f 14 March 2023.

<sup>2</sup> Redesignated from Executive Director to Deputy Chief Executive Officer on 22 February 2023. Reappointed as Executive Director on 1 March 2024.

<sup>3</sup> Appointed as Chairman of the Company w.e.f 22 February 2023.

<sup>4</sup> Resigned as Chairman of the Company w.e.f 31 January 2023.

<sup>5</sup> Redesignated as Senior Independent Non-Executive Director w.e.f 22 February 2023.

<sup>6</sup> Resigned as Independent Non-Executive Director w.e.f 10 June 2023.

<sup>7</sup> Resigned as Independent Non-Executive Director w.e.f 31 January 2023.

<sup>8</sup> Retired as Independent Non-Executive Director w.e.f 12 June 2023.

<sup>9</sup> Retired as Independent Non-Executive Director w.e.f 12 June 2023.

<sup>10</sup> Appointed as Non-Independent Non-Executive Director on 22 February 2023.

<sup>11</sup> Appointed as Non-Independent Non-Executive Director on 10 August 2023.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

152

## BOARD COMPOSITION

During the financial year under review, the Board saw changes to its composition. On 22 February 2023, Datuk Zulkarnain Md Eusope was redesignated from Managing Director to Chief Executive Officer (CEO), and Encik Zulkifli Jafar was redesignated from Executive Director to Deputy Chief Executive Officer. Encik Ahmad Shahredzuan Mohd Shariff was appointed as Non-Independent Non-Executive Director on the same date.

On 14 March 2023 Datuk Zulkarnain Md Eusope resigned as Company's Chief Executive Officer. Datuk Lim Thean Shiang and Dr. Mary Jane Cardosa, both Independent Non-Executive Directors retired at the end of the Company's last AGM on 12 June 2023.

The Board welcomed Encik Mohammad Ashraf Md. Radzi as Non-Independent Non-Executive Director and Puan Dayana Rogayah Omar (alternate Director to Encik Mohammad Ashraf Md. Radzi) on 10 August 2023. However, Puan Dayana Rogayah Omar resigned as alternate director on 14 February 2024 to pursue other interest. There were also changes to the Company's Board composition in 2024 with the appointment of Dato' Mohd Zahir Zahir Hussain, Dato' Dr. Faridah Aryani Md. Yusof and Drs. Imam Fathorrahman, all of whom appointed as Independent Non-Executive Directors on 1 March 2024. Following the dissolution of the Executive Committee, Encik Zulkifli Jafar was appointed as Executive Director, also with effect from 1 March 2024.

At the date of this Integrated Report, the Board now consists of nine (9) Directors, five (5) of whom are Independent Non-Executive Directors. Presently, the Board has two (2) female Directors. The Nominating and Remuneration Committee (NRC) and the Board fully recognise the need to re-balance the Board and have factored this into their succession planning. Nonetheless, whilst sufficient emphasis is placed on recruiting women Directors, appointments to the Board will be based on merits and credentials of each candidate under evaluation.

In accordance with the Company's Constitution, one-third of the Directors shall retire from office at every annual general meeting and all Directors shall retire at least once in every three (3) years. If eligible, retiring Directors may offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next annual general meeting following their appointments.

The Board strives to ensure that it has an appropriate and collective mix of skills, qualifications, expertise, diversity to add value to Board processes and decisions. The Board, from time to time undertakes a review of its composition to determine areas of strengths and improvement opportunities.

The oversight on the overall composition of the Board and Board Committees resides within the NRC. Appointments to the Board are made via a formal rigorous and transparent process. The NRC is guided by qualitative and quantitative criteria when assessing the suitability of Directors for nomination, such as qualifications, skills, experiences, professionalism, integrity and diversity. In the case of Independent Non-Executive Directors, the NRC assesses the candidate's ability to bring the element of detached impartiality and objective judgment to the boardroom deliberations.

The Board, with the assistance of the NRC, regularly assesses the skills, experiences, independence and diversity required collectively for the Board to effectively fulfil its roles.

The Board was satisfied that there was mutual respect amongst Directors which contributed to a democratic environment that allowed for constructive deliberations and a robust decision-making process. The Board reviews and evaluates annually its performance and that of the Board Committees as well as individual Directors based on a set of predetermined criteria in a process that is facilitated by the NRC.

## INDEPENDENCE OF THE BOARD

The Board recognises the importance and contributions of Independent Non-Executive Directors. They provide objectivity, impartiality and independent judgement to the Board and ensure check and balance. Their presence provides unbiased and independent views, advice and opinion to safeguard the interests of minority shareholders.

At the date of this Integrated Report, all five (5) Independent Non-Executive Directors satisfy the following criteria:

- independent from Management and any other relationship that could interfere with their independent judgement or the ability to act in the best interest of the Company;
- not involved in the day-to-day operations of the Company;
- declared their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings.

In reviewing the independence of Independent Non-Executive Directors, the NRC and Board adopt a qualitative approach in assessing if the Independent Non-Executive Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### BOARDROOM DIVERSITY

Diversity is important to ensure the Company remains relevant, resilient and sustainable in the rapidly transforming and evolving business environment. In this regard, the NRC is empowered to review and evaluate the composition and performance of the Board annually as well as assess qualified candidates to occupy Board positions.

The Board will take the necessary measures to ensure that in every possible event, boardroom diversity will be accounted for in the Board appointment as well as annual assessment.

The Company appreciates the benefits of having gender diversity in the boardroom as a mix-gendered Board would offer different viewpoints, ideas and market insights, which enables better problem solving to gain competitive advantage in serving an increasingly diverse customer base, compared with a boardroom dominated by one gender.

The Company also provides a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation on the Board.

The Board further acknowledges the benefits of having diversity in the boardroom in terms of age demographics, which would create professional environments that are rich with experience and maturity as well as youthful exuberance.

Whilst it is important to promote diversity, Directors are selected based on various factors, i.e. effective blend of competencies, skills, experience and knowledge on the industry or other identified areas in order to carry out effectively, the Board's functions and duties. The Board is committed to ensuring that its composition does not only reflect the diversity but will also have the right mix of skills and balance to contribute to the achievement of the Company's goals.

### INDUCTION PROGRAMME

The Company Secretaries are tasked with facilitating the induction of newly appointed Directors in order to familiarise the new Directors with the business of the Group. New Directors received a comprehensive onboarding programme, conducted by the Senior Management covering key areas of the business, an overview of the Group's financial risk management processes and operations of the Company, amongst others. Directors were also updated on ongoing potential projects undertaken by the Group.

The Company has arranged for newly appointed and existing Directors to attend the Mandatory Accreditation Programme (MAP) Part I focusing on corporate governance, including director's roles, duties and liabilities as well as other obligations under the Listing Requirement; and MAP Part II, a new mandatory onboarding programme on sustainability for directors of Public Listed Companies.

### REMUNERATION

The Board delegates to the NRC the responsibility to set the overarching principles, parameters and governance framework relating to the Group's remuneration matters. To attract and retain high calibre Directors and Senior Management in order to run the business successfully, Pharmaniaga aims to set remuneration at levels that are sufficient, taking into consideration all relevant factors including the function, workload and responsibilities involved. The Board acknowledges the importance of motivating quality people to lead, manage and serve the Company in a competitive environment. Hence, the appropriate level of remuneration is essential to enhance the long-term interests of the stakeholders.

A review on the quantum and composition of C-Suite and Senior Management's remuneration is undertaken on an annual basis to reflect the experience and level of responsibilities undertaken, while review for Non-Executive Directors may be reviewed from time to time, as may be determined by the Board.

The details for the remuneration of Directors for the financial year ended 31 December 2023 for the Group are as tabulated in the next page.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

154

Director	Fees		Salaries	Bonuses	EPF	Benefit in Kind	Other Allowances		Total	
	Group RM	Company RM	Group & Company RM	Group & Company RM	Group & Company RM	Group & Company RM	Group RM	Company RM	Group RM	Company RM
<b>Group Managing Director</b>										
Datuk Zulkarnain Md Eusope	-	-	281,935	-	32,466	1,227	12,258	12,258	327,886	327,886
Zulkifli Jafar	-	-	140,000	-	18,769	1,050	8,750	8,750	168,569	168,569
<b>Non-Executive Directors</b>										
Datuk Seri Zainal Abidin Mohd Rafique	14,167	14,167	-	-	-	-	3,000	3,000	17,167	17,167
Izaddeen Daud	160,810*	160,810*	-	-	-	-	32,000*	32,000*	192,810*	192,810*
YB Senator Datuk Dr. Haji Azhar Ahmad	60,054	42,222	-	-	-	-	14,000	12,500	74,054	54,722
Dato' Dr. Najmil Faiz Mohamed Aris	10,917	8,417	-	-	-	-	4,500	4,500	15,417	12,917
Dr. Abdul Razak Ahmad	178,800	140,042	-	-	-	-	55,500	50,000	234,300	190,042
Sarah Azreen Abdul Samat	161,168	131,168	-	-	-	-	65,000	50,500	226,168	181,668
Datuk Lim Thean Shiang	54,450	54,450	-	-	-	-	26,500	26,500	80,950	80,950
Dr. Mary Jane Cardosa	43,200	43,200	-	-	-	-	13,000	13,000	56,200	56,200
Ahmad Shahredzuan Mohd Shariff	100,053*	100,053*	-	-	-	-	36,000*	36,000*	136,053*	136,053*
Mohammad Ashraf Md. Radzi	35,323**	35,323**	-	-	-	-	4,000	4,000	39,323	39,323
<b>Total</b>	<b>818,942</b>	<b>729,852</b>	<b>421,935</b>	<b>-</b>	<b>51,235</b>	<b>2,277</b>	<b>274,508</b>	<b>253,008</b>	<b>1,568,897</b>	<b>1,458,307</b>

\* Directors' fees and allowances paid to Boustead Holdings Berhad

\*\* Directors' fees paid to Lembaga Tabung Angkatan Tentera

## BOARD CONDUCT

The Board commits itself to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. All Board members discharge their fiduciary duties and responsibilities at all times in the best interest of the Company. They act with integrity, lead by example and keep abreast of their responsibilities as Directors for the business and development of the Company.

In directing or managing the Company's affairs and business, the Board exercises reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly recorded.

## MATTERS RESERVED FOR THE BOARD

The matters reserved for the Board, amongst others, are set out below:

- Review, approve and adopt the Company's strategic plans and annual budgets
- Declaration of dividends
- Approval of annual financial statements, accounts and quarterly reports
- Acquisitions, divestments or closure of business
- Establishment of new substantial businesses
- Corporate exercises
- Capital investment and disposal of material assets

## OUR SUSTAINABILITY COMMITMENT

The Board is responsible for formulating ongoing programmes to promote sustainability where attention is paid to environment, social and governance (ESG) aspects of business which underpins sustainability.

To support the Group's long-term strategy and success, the Board and Management emphasise strategic management of material sustainability risks and opportunities, which includes integration of ESG factors in their decision-making process and in the Group's operations. The Board considers ESG factors as a component of the Board's fiduciary responsibility and therefore accountable to the oversight and management accountability.

A designated senior employee is tasked to manage the Company's sustainability governance and integrating sustainability considerations in our operations.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

In line with the recommendation of the MCCG, the Board will take into account the Company's performance in managing material sustainability risks and opportunities when determining the appropriate level of remuneration for Directors and Senior Management.

### AUDIT COMMITTEE

The Audit Committee (AC) was established by the Board to provide independent oversight on the Company's internal and external audit functions, financial reporting processes including the quality of its financial reporting, the internal control systems and to ensure checks and balances within the Company.

The AC is chaired by an Independent Director who is not the Chairman of the Board. All members of the AC have the relevant accounting or related financial management experience or expertise. The Chairman of the AC is a Certified Practising Accountant of CPA Australia, recognised under the MMLR of Bursa Malaysia.

The members of the AC are equipped with vast experience from various industries and are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Company's risk and internal control environment. The AC has full access to internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The Terms of Reference of the AC are available on the Company's corporate website.

The role of the AC and the number of meetings held during the financial year under review as well as the attendance record of each member are set out in the AC Report of the Integrated Report.

### BOARD RISK AND INVESTMENT COMMITTEE

The Board Risk and Investment Committee (BRIC) consists exclusively of the Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The composition of the BRIC, its duties and responsibilities are set out in the Corporate Governance Report. The BRIC oversees the adequacy of risk management within the Group. It also assists the Board in ensuring that the risk exposures and outcomes affecting the Group are effectively managed and addressed by the Board. More specifically, the BRIC is responsible for formulating policies and frameworks to identify, monitor, manage and control material risks impacting the Group. It is also to review all investments and project business cases proposed to be made by the Company before making appropriate recommendation to the Board for approval.

### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value creation targets by providing risk information to enable better formulation of the Group's strategies and decision making.

For internal audit, the function is carried out by an in-house Group Internal Audit (GIA) from Boustead Holdings Berhad (the immediate holding company of Pharmaniaga). The GIA's function reports directly to the AC, and is independent of the activities it audits. GIA's authority, scope and responsibilities are governed by an Internal Audit Charter which is approved by the AC.

#### Financial Reporting

The Board is committed to provide a fair and objective assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, Integrated Reports and all other reports or statements to shareholders, investors and relevant regulatory authorities.

The Statement of Directors' Responsibility for Preparation of Financial Statements is set out on page 174.

#### Risk Management and Internal Control

The Board reviews the risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholders' investments and assets of the Company.

Further information on the Group's risk management and internal control framework is set out in the Statement on Risk Management and Internal Control of the Integrated Report on pages 159 to 168.

### BOARD TENDER COMMITTEE

The Board Tender Committee (BTC) is established to assist the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the process of awarding significant contracts by Pharmaniaga and its subsidiaries. The BTC strives to ensure that it has an appropriate mix of skills and experience to discharge its roles and responsibilities effectively based on the BTC's terms of reference.

### COMMUNICATION WITH STAKEHOLDERS

Regular communication and engagement between stakeholders and the Company are critical for the sustainable growth of our business as this gives stakeholders a much better insight of the Company and facilitates mutual understanding of each other's expectations. We have therefore consistently maintained a



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

156

two-way communication and an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and the general public, non-governmental associations, industry and trade associations and suppliers. Their views and concerns on the Company's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

Our annual investor relations engagement programme ordinarily includes one to one meetings, plants or site visits, analysts' briefings, the Annual General Meeting as well as participation in conferences and roadshows.

During the financial year under review, the EXCO members and other members of Senior Management have also hosted the Company's analyst briefing for our financial results, during which participants were updated on our operational, commercial and financial performance.

The Group is fully committed to maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to stakeholders. Key stakeholder communication modes include Integrated Report, unaudited quarterly results, analyst briefings, announcement to Bursa Malaysia, corporate website and investor relation activities.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication to improve disclosure and transparency. Communication and feedback from stakeholders can be directed to the key contact person of the Company as follows:

➤ **Idham Ismail**  
Chief Strategy Officer  
Tel : +603-3342 9999  
E-mail : [investor.relations@pharmaniaga.com](mailto:investor.relations@pharmaniaga.com)

## GROUP CORPORATE WEBSITE

The Group's corporate website [www.pharmaniaga.com](http://www.pharmaniaga.com) provides comprehensive and easy access to the latest information on the corporate and business aspect of the Group. Corporate profile, individual profiles of Directors and Senior Management, financial results, Integrated Report and corporate news, amongst others can be found in our corporate website. Additionally, information on press releases, announcements to Bursa Malaysia and quarterly results of the Group are also made available on the website and this serves to promote accessibility of information to the Company's shareholders and all other market participants.

## ANNUAL GENERAL MEETINGS

The Group is of the view that Annual General Meetings (AGM) are important two-way platforms to engage with its shareholders as well as to address their concerns. All Directors attended last year's AGM except for Datuk Lim Thean Shiang and Dr Mary Jane Cardosa who retires at the end of the AGM.

The Company's 25th AGM which was held on 12 June 2023 was attended by shareholders, through live streaming via the Remote Participation and Voting (RPV) facilities provided by the Group's share registrar i.e. Tricor Investor & Issuing House Services Sdn Bhd as Independent Scrutineer for conduct of poll via e-Vote application. Shareholders who participated via remote participation were able to submit questions during the AGM for the Company to respond. Shareholders are encouraged to take advantage of the said technology to participate in the upcoming 26th AGM of the Company.

## NOTICE OF 26TH ANNUAL GENERAL MEETING

AGM will be held online at <https://tiih.online>



Date: 5 June 2024  
(Wednesday)



Time: 9.30 a.m.



Broadcast Venue:  
Amphitheatre  
Level 23, The Bousteador  
No. 10, Jalan PJU 7/6, Mutiara Damansara  
47800 Petaling Jaya

There was active engagement between the Board and shareholders and there was an opportunity for shareholders to have real-time interaction with the Board and EXCO members. The Chairman and EXCO members answered questions raised by shareholders and provide written answers to questions that cannot be readily answered. Answers to the questions by the Minority Shareholder Watchdog Group prior to the AGM were also shared with the shareholders and the same were uploaded onto the website prior to the AGM day.

The minutes of the AGM detailing the meeting's proceedings including issues or concerns raised by shareholders and a summary of the key matters discussed are accessible to the public on the Company's corporate website.

## INTEGRITY AND ETHICS

The Board is committed to a corporate culture that encompasses and embraces ethical conduct within the Group by adopting numerous policies which serve to achieve this commitment.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Governance

157

### Code of Ethics and Conduct

Pharmaniaga Code of Ethics and Conduct (the Code) is to provide clear guidelines on permissible or non-permissible conduct in the business practices of the Company. The Code is implemented to ensure that all employees and its representatives comply with the same standards. It shall also serve as guidelines when making judgment calls on work ethics, including in bridging and fostering close relations between the Company and its customers. The business code of conduct (Board Charter) for the Board is subject to the statutory duties of directors under various legislative enactments, and as stipulated under the Companies Act, Listing Requirements of Bursa Malaysia and Securities Commission Act. The Code applies to all the Company's employees and representatives including agents, consultants, contractors and suppliers for the Company.

The Code expressly prohibits improper solicitation, bribery and other corrupt activities not only by employees and directors but also by third parties performing work or services for or on behalf of companies in the Group.

### Anti-Bribery and Corruption Policy

With the adoption of the Anti-Bribery and Corruption Policy (ABC) policy, Pharmaniaga also practices a zero-tolerance policy against all forms of bribery and corruption. The ABC policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business. The ABC policy is also applicable to all employees, directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Company.

### Whistleblowing Policy

The Company has established its Whistleblowing Policy which provides an avenue for the Group's employees and members of the public to disclose any improper conduct in accordance with the procedures as provided under the policy. To lodge a report for any improper conduct, please email to [whistleblow@pharmaniaga.com](mailto:whistleblow@pharmaniaga.com) and/or to the Audit Committee Chairman and/or to the Senior Independent Non-Executive Director. The email addresses of the Audit Committee Chairman and the Senior Independent Non-Executive Director can be found on the Group's corporate website at [www.pharmaniaga.com](http://www.pharmaniaga.com). The policy and procedures are accessible to the public on the Company's corporate website.

### Trading on Insider Information

The Board and Principal Officers of the Group are prohibited from trading in securities based on price sensitive information and knowledge acquired by virtue of their positions, which has not been publicly announced. Notices on the closed period for trading in Pharmaniaga's shares are sent to the Directors and Principal Officers on a quarterly basis as a reminder to trade during the identified timeframe.

None of the Directors and Principal Officers breached the above ruling during the financial under review.

### PROFESSIONAL DEVELOPMENT OF DIRECTORS

In line with Paragraph 15.08 of the MMLR, the Directors acknowledged the importance and value of attending conferences, training, programmes and seminars in order to keep themselves abreast of the development and changes in the industry, as well as to update themselves on new statutory and regulatory requirements.

During the financial year under review, Directors attended various training programmes to keep themselves abreast of changes in legislative promulgations and industry practices. To enhance their knowledge and performance, the Board members attended as many training sessions as they possibly could to facilitate them in discharging their duties effectively.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The list of training programmes attended by the Board members during the financial year under review are outlined below:

Name	Programme Title & Organiser	Date
<b>Izaddeen Daud</b>	Board of Director Leadership – ESG Essentials	21 - 22 March 2023
	Pharmaniaga Berhad Board Retreat 2023	27 October 2023
<b>Dr. Abdul Razak Ahmad</b>	Pharmaniaga Berhad Board Retreat 2023	27 October 2023
	Mandatory Accreditation Programme Part II: Leading For Impact (LIP)	6 - 7 December 2023
<b>Sarah Azreen Abdul Samat</b>	Pharmaniaga Berhad Board Retreat 2023	27 October 2023
<b>Ahmad Shahredzuan Mohd Shariff</b>	Malaysia Venture Building Forum	24 February 2023
	Humility Leadership by Prof. Tan Sri Dr Jemilah Mahmood	17 May 2023
	ESG & Leadership Talk – Formula for a Sustainable Future	2 August 2023
	Pharmaniaga Berhad Board Retreat 2023	27 October 2023
	ESG Evolve 2023	21 - 23 November 2023
<b>Mohammad Ashraf Md. Radzi</b>	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	19 - 20 September 2023
	The Financial Institutions Director's Education (FIDE) Core Programme Module A: Bank	2 - 5 October 2023
	The Financial Institutions Director's Education (FIDE) Core Programme Module B: Bank	16 - 18 October 2023
	Pharmaniaga Berhad Board Retreat 2023	27 October 2023
	Islamic Finance for Board of Director	1 - 2 November 2023
	Strategic Leadership Programme	3 - 8 December 2023

## CORPORATE GOVERNANCE PRIORITIES

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to instill trust and confidence amongst stakeholders. The Board has identified the following set pieces on its horizon that will help it to achieve its corporate governance objectives.