

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0171
COMPANY NAME : PETERLABS HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the oversight and overall management of the Company. In order to ensure the effective discharge of its functions and responsibilities, it has established where specific powers of the Board are delegated to the relevant Board Committees and the Managing Director ("MD"). The Board Committees comprise three Governance Committees (i.e. Audit Committee ("AC"), Nomination Committees ("NC") and Remuneration Committee ("RC")), which is available on Peterlabs's website at http://www.peterlabs.com.my</p> <p>(1) The Board, together with the Management, is committed to promoting good corporate governance ("CG") culture within the organisation which reinforces ethical, prudent and professional behaviour.</p> <p>In discharging its duties and responsibilities, the Board is governed by the Authority Limit which clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the MD and the Management.</p> <p>(2) The Board plays an active role in the development of the Company's strategy, and monitoring of its performance and implementation. In every quarter Board Meeting, the Board consistently conducted a quarterly review of the Budget 2017 as compared to actual quarterly result including financial performance, where the performance targets set by the Board were compared against the actual performance for every quarter and year to date.</p> <p>The Board reviewed and deliberated on the Management's proposal on Budget 2018 and its own perspectives, as well as</p>

	<p>challenged the Management's views and assumptions for the proposed 2018 targets and feedback on the business and enterprise initiatives for the Management's reference.</p> <p>(3) The MD is responsible for the day-to-day management of the business and operations of the Group. He is supported by a Management Team and other committees established under the Group's corporate governance practice. The Management's performance under the leadership of the MD is monitored by the Board through a quarterly financial overview report which is tabled to the Board and includes a comprehensive summary of the Group's operating drivers and financial performance during each reporting period. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance. The relevant members of the Management were in attendance at Board meetings to support the MD in presenting the updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board.</p> <p>The Board through the NC is responsible to ensure that there is an effective and orderly succession planning in Peterlabs Group. The Terms of Reference of the NC provides that it is responsible for formulating the nomination, selection and succession policies for the Group's key management positions including the MD.</p> <p>4) The Board of Directors is responsible for determining the nature and extent of the significant risks that the Group is willing to take to achieve its strategic objectives and for maintaining sound risk management and internal control systems. With the support of the Audit Committee, it carries out a review of the effectiveness of the Group's risk management and internal control systems and reports to the Board of Directors on quarterly basis that it has done so. Such review covers all materials controls including financial, operations, management information systems and compliance controls and risk management systems.</p> <p>5) The Investor Relation function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their concerns to the public.relation@peterlabs.com.my, contact person : Ms Evone Yap</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 4.5 of the Board Charter, which is available on Peterlabs's website at http://www.peterlabs.com.my.</p> <p>(1) The non-executive Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference to ensure its own effectiveness.</p> <p>(2) The Chairman with the assistance of the Company Secretary sets the board agenda for each meeting based on the dates of scheduled Board meetings in the annual meeting calendar, and the same is circulated to the Board Members accordingly.</p> <p>(3) The Chairman leads the meeting pace and discussions in an effective manner.</p> <p>(4) The Chairman promotes a Boardroom environment that allows for expression of views in the spirit of 'constructive challenge', effective debate and contribution from the Board members to facilitate informed decision-making by the Board.</p> <p>(5) During deliberations at Board meetings, the Chairman provides his objective views and decisions to resolve situations when there are differing views between the Board Members and the Management.</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 positions of Chairman and MD are held by two different individuals. The Chairman, Dato' Hon Choon Kim leads and manages the Board by focusing on strategy, governance and compliance whereas the MD, Lim Tong Seng manages the business and operations of the Company and implements the Board's decisions.</p> <p>The distinct and separate roles of the Chairman and MD, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</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 Company Secretary of Peterlabs has legal qualifications, and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016.</p> <p>(1) The Company Secretary manage the logistics of all Board and Board Committee meetings. Attendance and minutes of all Board and Board Committee meetings are properly recorded and kept by the Company Secretary. The Company Secretary ensure that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management personnel for appropriate actions.</p> <p>The Board is updated by the Company Secretary on the follow-up of its decisions and recommendations by the Management. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>(2) The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance ("CG") of Peterlabs Group.</p> <p>In this respect, they play an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, CG best practices and its compliance with regulatory requirements, codes, guidances and legislations. The Company Secretary also support the Board in managing the Group Governance Model to ensure its relevance and effectiveness.</p> <p>(3) The Company Secretary constantly keep herself abreast of the evolving capital market environment, regulatory changes and developments in CG through attendance at relevant conferences and training programmes.</p> <p>In this respect, the Company Secretary advise the Board on corporate disclosures and compliance with the relevant changes to the laws, rules and regulations, arising from the Companies Act 2016 effective 31 January 2017, and the amendments to the ACE Market Listing</p>

	<p>Requirements issued by Bursa Malaysia Securities Berhad on 29 November 2017.</p> <p>(4) For annual general meetings which are held at the end of May annually, the Company Secretary play an important role in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretary will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders.</p> <p>(5) The Company Secretary also monitor the developments of CG and assist the Board in applying best practices to meet the Board's needs and stakeholders' expectations.</p> <p>Whilst the Investor Relations is generally involved in communication and engagement with stakeholders, the Company Secretaries play an important role in advising the Board on principles and best practices in CG and ultimately become the focal point for shareholders in relation to CG issues affecting Bursa Malaysia as a listed entity.</p> <p>Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, the annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees and the Annual General Meeting</p> <p>It is provided in the Guidelines on Submission of Board Paper that the deadline for submission of meeting materials is one week prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each Board meeting.</p> <p>The Notice of Board meetings are sent to the Directors via email at least seven (7) working days prior to a meeting. The same notification is sent to the Management, which includes the deadlines for submission of meeting materials for the Management's easy reference.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Company Secretary will communicate to the relevant Management the Board's decisions/recommendations via circulation of draft minutes of meetings for appropriate actions to be taken. The Company Secretary will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application :	Applied																		
Explanation on application of the practice :	<p>The Board Charter was adopted by the Board on 27 August 2013</p> <p>(1) Any subsequent amendment to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the Code of ethics, , board structure, tenure of directors, company secretary, the Board's relationship with stakeholders , the role of the Chairman and Managing Director, the Board Meeting . role of Board committees, Director Training , and lastly the corporate disclose policy</p> <p>The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>(2)The Board Charter is available on the corporate website - www.Peterlabs.com.my.</p> <p>In this respect, the Board is also responsible to ensure continuing education/training for the Directors to update their knowledge and enhance their skills through attendance at relevant programs, so as to enable them to sustain their active participation in Board deliberations. In this respect, all Directors of Peterlabs attended at least one (1) training programmes in 2017. Below are the various external programmes in 2017 which include the following:-</p> <table><tr><th>Subject</th><th>Date</th><th>Organiser</th><th>Attendee(s)</th></tr><tr><td>Trade and Economic Outlook 2017 Seminar</td><td>09 March 2017</td><td>Hong Leong Investment Bank</td><td>Ms. Yap Siaw Peng</td></tr><tr><td>Taklimat Pindaan dan Perluasan Skop Liputan Akta Pembangunan Sumber Manusia Berhad 2001</td><td>30 March 2017</td><td>Human Resource Development Fund Malaysia</td><td>Mr. Teo Chin Heng</td></tr><tr><td>Companies Act 2016 and Understanding Financial Statements for Company Directors</td><td>20 April 2017</td><td>Suruhanjaya Syarikat Malaysia</td><td>Dato' Hon Choon Kim</td></tr></table>			Subject	Date	Organiser	Attendee(s)	Trade and Economic Outlook 2017 Seminar	09 March 2017	Hong Leong Investment Bank	Ms. Yap Siaw Peng	Taklimat Pindaan dan Perluasan Skop Liputan Akta Pembangunan Sumber Manusia Berhad 2001	30 March 2017	Human Resource Development Fund Malaysia	Mr. Teo Chin Heng	Companies Act 2016 and Understanding Financial Statements for Company Directors	20 April 2017	Suruhanjaya Syarikat Malaysia	Dato' Hon Choon Kim
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	Tax Audit & Investigation	10 July 2017	YYC Tax Consultants Sdn Bhd	Ms. Yap Siaw Peng
	Raising the Bar on Corporate Governance Exclusive Breakfast Talk	21 July 2017	Aon Hewitt Malaysia Sdn Bhd and Boardroom	Mr. Teo Chin Heng
	Companies Act 2016: How does it impact Directors, CFOs, Accountants and Auditors?	15 August 2017	SJ Grant Thornton	Ms. Yap Siaw Peng
	Module 6 - Introduction to Governance - Ethics	22 August 2017	Paul Cheng & Co. Chartered Accountants (Malaysia)	Dr. Vijaya Raghavan A/L M P Nair Mr. Lim Tong Seng Mr. Lau Yeng Khuan Mr. Teo Chin Heng Dato' Hon Choon Kim Mr. Azman Bin Abdul Jalil Ms. Yap Siaw Peng Dr. Goy Hong Boon
	ISPE Malaysia 2017 Education Seminar Series: Best Practices in Bioburden Control, Cleaning and Disinfection	26 September 2017	ISPE Malaysia Affiliate	Mr. Azman Bin Abdul Jalil
	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers	27 September 2017	Bursa Malaysia Berhad	Mr. Azman Bin Abdul Jalil
	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers	03 October 2017	Bursa Malaysia Berhad	Mr. Lim Tong Seng Mr. Teo Chin Heng Ms. Yap Siaw Peng
	CG Breakfast Series For Directors: Leading In A Volatile, Uncertain, Complex, Ambiguous (VUCA) World	13 October 2017	Bursa Malaysia Berhad	Prof. Dr. Paul Cheng Chai Liou

	Advocacy Sessions To Enhance Quality Of Management Discussion & Analysis For Chief Executive Officers and Chief Financial Officers Of Listed Issuers	17 October 2017	Bursa Malaysia Berhad	Ms. Yap Siaw Peng
	CICM Forum: Unlocking your Businesses Full Potential through the Malaysian Capital Markets: Listing on the LEAP Market of Bursa Malaysia or Possible Mergers & Acquisitions (M & A)	25 October 2017	CICM	Mr. Lim Tong Seng Ms. Yap Siaw Peng
	Tax Seminar on Budget 2018	07 November 2017	SJ Grant Thornton	Ms. Yap Siaw Peng
	Optimise The Performance of Chicken Broiler in the Rainy Season; Bird Flu Responsive; Biosecurity; Effective Communication	05 - 07 December 2017	Medion	Mr. Teo Chin Heng
	ISPE Malaysia 2017 Education Seminar Series: Qualification & Validation Documentation Workshop	07 December 2017	ISPE Malaysia Affiliate	Mr. Azman Bin Abdul Jalil
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

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place codes of ethics for Directors and employees which is based on four elements, which are sincerity, integrity, responsibility and corporate responsibility. In the performance of the directors' duties, the Board should at all times observe the following codes:</p> <ul style="list-style-type: none">a. Should have a clear understanding of the aims and purpose, capabilities and capacity of the Group;b. Should devote time and effort to attend meetings and to know what is required of the Board and each of its Directors, and to discharge those functions;c. Should ensure at all times that the Group is properly managed and effectively controlled;d. Should stay abreast of the affairs of the Group and be kept informed of the Group's compliance with the relevant legislation and contractual requirements;e. Should insist on being kept informed on all matters of importance to the Group in order to be effective in corporate management;f. Should have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper procedures, rules and regulations are complied with;g. Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Group;h. Should disclose immediately all contractual interests whether directly or indirectly with the Group;

	<p>i. Should neither divert to his own advantage any business opportunity that the Group is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;</p> <p>j. Should at all times act with utmost good faith towards the Group in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;</p> <p>k. Should be conscious of the interest of shareholders, employees, creditors and customers of the Group;</p> <p>l. Should at all times promote professionalism and improve the competency of management and employees;</p> <p>m. Should ensure adequate safety measures and provide proper protection to workers and employees at the workplace; and</p> <p>n. Should ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities</p> <p>The code of ethics is included in the Board Charter and is available at company website : www.peterlabs.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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is in the midst of preparation of whistleblowing policies and procedures for the Company	
		The Company has in place code of ethics for Director and employee to follow which is based on four elements, which are sincerity , integrity, responsibility and corporate responsibility.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board of Peterlabs, comprises ten (10) Directors i.e. four (4) Independent Non-Executive Directors and six (6) Executive Directors.</p> <p>On 07 November 2017 and 9 January 2018, Datuk Wira Dr. Goy Hong Boon and Mr Lau Kin Wai were appointed to the Board as Executive Deputy Chairman and Executive Director respectively which resulted the Board's composition then falls short of Independent Directors.</p>
	:	Therefore the Company will continue to balance up the number of Non-Executive Directors with Executive Directors in the coming years.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application	:	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 has established a Nomination Committee, consisting of three (3) Directors who are Independent Non-Executive Directors of the Company as follows:</p> <table><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr><tr><td>Azman bin Abdul Jalil</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>Dr. Vijaya Raghavan A/L M P Nair</td><td>Member</td><td>Independent Non-Executive Director</td></tr><tr><td>Dato’ Hon Choon Kim</td><td>Member</td><td>Independent Non-Executive Chairman</td></tr></table> <p>The Nomination Committee (“NC”) is to identify, assess and recommend new nominees to the Board and Board Committees. The NC assists the Board in reviewing the Board’s required mix of expertise, skill, experiences, qualifications and to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. The Committee met on two (2) occasions in the financial year 2017.</p> <p>This Committee is responsible for making recommendations on the appointment of any new Directors. New appointees will be considered and evaluated by the Board and the Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.</p> <p>The Nomination Committee also annually reviews the effectiveness of the Board as a whole, its committees and the contribution of each individual Director, as well as the Managing Director. The Nomination Committee will ensure that all assessments and evaluations carried out are properly documented and filed.</p>	Name	Designation	Directorship	Azman bin Abdul Jalil	Chairman	Independent Non-Executive Director	Dr. Vijaya Raghavan A/L M P Nair	Member	Independent Non-Executive Director	Dato’ Hon Choon Kim	Member	Independent Non-Executive Chairman
Name	Designation	Directorship												
Azman bin Abdul Jalil	Chairman	Independent Non-Executive Director												
Dr. Vijaya Raghavan A/L M P Nair	Member	Independent Non-Executive Director												
Dato’ Hon Choon Kim	Member	Independent Non-Executive Chairman												

	<p>The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished.</p> <p>The term of reference for Nomination committee was adopted on 29 November 2016 and is accessible through the Company's website at http://www.peterlabs.com.my.</p> <p>The Board believes in a right composition of Board members with balance of qualifications, skills, experiences and diversity among its Board members.</p> <p>As defined as one of the function of the NC, NC is periodically reviewing and making recommendation to the Board on Board composition matters and recommendations, which includes identification and selection of high caliber candidates who will be able to meet the present and future needs of the company.</p> <p>For the year under review, the Board is satisfied with its current mix of qualification, skills, experiences, expertise and strength, in discharging its duties effectively.</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	:	The Board acknowledges the importance of boardroom diversity and workforce gender diversity policy. The Board currently has one female director who has been appointed on 01 March 2016.	
		The Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is solely based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.	
		The Company will formalised the Board Diversity Policy	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Peterlabs practice formal and transparent procedures on sourcing and appointment of new directors - either via internal nominations or independent sources. All appointments of new Directors are subject to screening and appropriate recommendation of the NCs prior to consideration and approval of the Boards.</p> <p>Mr Dr. Goy Hong Boon was appointed as an Executive Director and the Deputy Chairman of Peterlabs during the year which was from internal nomination.</p> <p>The NCs deliberated the proposal to appoint Dr. Goy Hong Boon and Mr Lau Kin Wai as Executive Deputy Chairman and Executive Director of Peterlabs Board on 29 November 2017 and 9 January 2018 respectively. The NCs' recommendations were subsequently approved by the Boards on the same day.</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 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC of Peterlabs is chaired by Encik Azman Bin Abdul Jalil, who is also designated as the Independent Director.</p> <p>During the year, Encik Azman Bin Abdul Jalil had led deliberations on succession planning and appointment of the Director and new Deputy Chairman in Peterlabs Boards as detailed in Practice 4.6 of the MCCG above.</p> <p>Encik Azman Abdul Jalil had also led the annual review of Board effectiveness for FY2017, in order that independent assessment of the performance of each individual Director as well as of Board as a whole are carried out amongst all the Board Members.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The NC will also be responsible in undertaking an annual evaluation of Directors, Board Committees as well as the Board performance as a whole. Such evaluation will be used as a tool to evaluate the strength, to identify the gaps or areas for improvement which would give rise to the requirement for new recruitments of board members, if necessary.</p> <p>The Board undertakes an annual assessment of Independent Directors and is satisfied that they continue to bring independent and objective judgement to board deliberations.</p> <p>Peer and self assessment are carried out by the Directors and the non-executive directors once every year.</p> <p>The results of the evaluation are compiled into a report to be deliberated by both NC and the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The remuneration of the Executive Directors is structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibility undertaken by the particular Non-Executive Director concerned. The Board as a whole determines the remuneration of Non-Executive Directors, and each individual Director abstains from the Board decision on his own remuneration
Explanation for departure	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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	:	Departure												
Explanation on application of the practice	:													
Explanation for departure	:	<p>The Board has established a Remuneration Committee, consisting of two (2) Independent Non-Executive Directors and one (1) Executive Director as follows:</p> <table><tr><th>Name</th><th>Designation</th><th>Directorship</th></tr><tr><td>Dr. Vijaya Raghavan A/L M P Nair</td><td>Chairman</td><td>Independent Non-Executive Director</td></tr><tr><td>Dato' Hon Choon Kim</td><td>Member</td><td>Independent Non-Executive Chairman</td></tr><tr><td>Mr. Teo Chin Heng</td><td>Member</td><td>Executive Director</td></tr></table> <p>The remuneration of Non-Executive Director already fixed as per Remuneration committee recommendation but subject to approval from shareholders in the coming AGM on 30.05.2018.</p> <p>The Committee has written Term of reference which deals with its authority and duties.</p> <p>The Committee comprises two non-executive directors and one executive director and majority of them are Independent Directors.</p>	Name	Designation	Directorship	Dr. Vijaya Raghavan A/L M P Nair	Chairman	Independent Non-Executive Director	Dato' Hon Choon Kim	Member	Independent Non-Executive Chairman	Mr. Teo Chin Heng	Member	Executive Director
Name	Designation	Directorship												
Dr. Vijaya Raghavan A/L M P Nair	Chairman	Independent Non-Executive Director												
Dato' Hon Choon Kim	Member	Independent Non-Executive Chairman												
Mr. Teo Chin Heng	Member	Executive Director												

	Company is aware the committee should only consist of non – executive director, the company will taking necessary step to restructure the committee in order to comply the CG requirement.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 7.1

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board of Directors of the opinion that separate disclosure will impinge upon the directors' right of privacy and would not add value significantly to the understanding and evaluation of the Company's governance.	
		The remuneration of individual directors is reviewed and recommended by Remuneration Committee to the Board for final approval.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.2

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 Board of Directors of the opinion that separate disclosure will impinge upon the directors' right of privacy and would not add value significantly to the understanding and evaluation of the Company's governance.</p> <p>The top five senior management's remuneration is consist of executive directors or directors of subsidiaries of the group but not disclosed on named basis due to confidentiality and sensitivity of each remuneration package.</p>	
		The remuneration of individual directors is reviewed and recommended by Remuneration Committee to the Board for final approval.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee of the Company comprises the following members:</p> <p>Prof. Dr. Paul Cheng Chai Liou Chairman, Senior Independent Non-Executive Director</p> <p>Dato' Hon Choon Kim Member, Independent Non-Executive Chairman</p> <p>Encik Azman bin Abdul Jalil Member, Independent Non-Executive Director</p> <p>The Audit Committee is comprised of three (3) members who are Directors of the Company. In compliance with the AMLR and the MCGG 2017, the Audit Committee is comprised of not less than three members, all of whom are Independent Non-Executive Directors.</p> <p>Prof. Dr. Paul Cheng Chai Liou meets the requirement of Rule 15.09 (1)(c)(i) of AMLR in that he is a Chartered Accountant and a member of the Malaysian Institute of Accountants.</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	:	Peterlabs has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as a member of the AC.	
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>In the fourth quarter of 2017, the External Auditors, Messrs. Grant Thornton Malaysia ("GT") presented for the Audit Committee ("AC")'s review its 2017 Audit Planning Memorandum which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matter. This formed part of the AC's assessment of the suitability, objectivity and independence of GT on an annual basis.</p> <p>Based on the outcome of its assessment, the AC decides whether or not to recommend to the Board for the shareholders' approval to be sought on the re-appointment of external auditors at the forthcoming 8st Annual General Meeting ("AGM").</p> <p>The AC had in November 2017 undertaken an annual assessment of the quality of audit which encompassed the performance of GT, the quality of GT's communications with the AC and Peterlabs, and GT's independence, objectivity and professionalism.</p> <p>The AC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at private meetings, which demonstrated their independence, objectivity and professionalism.</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	:	Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee of the Company comprises the following members:</p> <p>Prof. Dr. Paul Cheng Chai Liou Chairman, Senior Independent Non-Executive Director</p> <p>Dato' Hon Choon Kim Member, Independent Non-Executive Chairman</p> <p>Encik Azman bin Abdul Jalil Member, Independent Non-Executive Director</p> <p>As a conclusion, AC only comprise solely of independent Directors</p>

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>Existing members of the Audit Committees have vast experience and skills in accounting and finance as well as other relevant fields of expertise. All of them are highly-qualified to review the accuracy consolidated Peterlabs Group’s financial statements prior to recommending the same to the Boards for approvals.</p> <p>Training attended by the Audit Committees members during 2017 are:</p> <table><tr><th>Subject</th><th>Date</th><th>Organiser</th><th>Attendee(s)</th></tr><tr><td>Companies Act 2016 and Understanding Financial Statements for Company Directors</td><td>20 April 2017</td><td>Suruhanjaya Syarikat Malaysia</td><td>Dato' Hon Choon Kim</td></tr><tr><td>Module 6 - Introduction to Governance - Ethics</td><td>22 August 2017</td><td>Paul Cheng & Co. Chartered Accountants (Malaysia)</td><td>Dato' Hon Choon Kim Mr. Azman Bin Abdul Jalil</td></tr><tr><td>ISPE Malaysia 2017 Education Seminar Series: Best Practices in Bioburden Control, Cleaning and Disinfection</td><td>26 September 2017</td><td>ISPE Malaysia Affiliate</td><td>Mr. Azman Bin Abdul Jalil</td></tr><tr><td>Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers</td><td>27 September 2017</td><td>Bursa Malaysia Berhad</td><td>Mr. Azman Bin Abdul Jalil</td></tr><tr><td>CG Breakfast Series For Directors: Leading In A Volatile, Uncertain, Complex, Ambiguous (VUCA) World</td><td>13 October 2017</td><td>Bursa Malaysia Berhad</td><td>Prof. Dr. Paul Cheng Chai Liou</td></tr></table>				Subject	Date	Organiser	Attendee(s)	Companies Act 2016 and Understanding Financial Statements for Company Directors	20 April 2017	Suruhanjaya Syarikat Malaysia	Dato' Hon Choon Kim	Module 6 - Introduction to Governance - Ethics	22 August 2017	Paul Cheng & Co. Chartered Accountants (Malaysia)	Dato' Hon Choon Kim Mr. Azman Bin Abdul Jalil	ISPE Malaysia 2017 Education Seminar Series: Best Practices in Bioburden Control, Cleaning and Disinfection	26 September 2017	ISPE Malaysia Affiliate	Mr. Azman Bin Abdul Jalil	Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers	27 September 2017	Bursa Malaysia Berhad	Mr. Azman Bin Abdul Jalil	CG Breakfast Series For Directors: Leading In A Volatile, Uncertain, Complex, Ambiguous (VUCA) World	13 October 2017	Bursa Malaysia Berhad	Prof. Dr. Paul Cheng Chai Liou
Subject	Date	Organiser	Attendee(s)																										
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	ISPE Malaysia 2017 Education Seminar Series: Qualification & Validation Documentation Workshop	07 December 2017	ISPE Malaysia Affiliate	Mr. Azman Bin Abdul Jalil
Explanation for departure :				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure :				
Timeframe :				

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board of Directors is aware of the limitations that are inherent in any systems of internal control and risk management, as such systems being designed to manage, rather than eliminate, the risk that may impede the achievement of the Group's business objectives. Accordingly, it can only provide a reasonable combination of preventive, detective and corrective measures but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations.</p> <p>The Group's risk management and internal control framework is an ongoing process, and has been in place for identifying, evaluating and managing significant risks faced or potentially to be encountered by the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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>Risk Management Framework</p> <p>The Group has an embedded process for the identification, evaluating, reporting, treatment, monitoring and reviewing of the major strategic, business and operation risks within the Group, covering both wholly and partially owned subsidiaries. Risk registers, based on a standardised methodology, are used at the Group to identify, assess and monitor the key risks faced by the Group. Information based on prevailing trends, for example whether a risk is considered to be increasing or decreasing over time, is provided in relation to each risk and all identified risks are assessed at four levels (significant/high/moderate/low) by reference to their impact and likelihood. Mitigation plans are required to be in place to manage the risks identified. The mitigation plans are reviewed on a regular basis.</p> <p>Internal Audit Structure</p> <p>The Group has outsourced its internal audit function to a professional service team. The internal audit function reports directly to the Audit Committee. Four (4) reports on the internal audit findings were issued to the Audit Committee during the year. The internal audit function reviews critical business processes and identifies internal controls gaps, assesses the effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process.</p> <p>The internal audit plays a critical role in the objective assessment of the Group's business processes by providing the Audit Committee with reasonable independent assurance on the effectiveness and integrity of the Group's system of risk management and internal control.</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 Group has outsourced its internal audit function to a professional service team i.e. the internal auditor.</p> <p>The internal auditor reports directly to the Audit Committee on a quarterly basis by presenting its Internal Audit Reports during the Audit Committee meetings, whereby relevant issues identified in the Internal Audit Reports will be discussed with the Management in the meeting. Rectification work, if necessary will be performed and follow-up will be carried out by internal auditor for the purpose of reporting at the subsequent Audit Committee meeting.</p> <p>During the financial year ended 31 December 2017, the internal auditor reviewed the adequacy and integrity of the Group's system of internal control covering both financial as well as non-financial controls. The audits focused on key controls to manage risks, safeguard assets, secure the accuracy and reliability of records, comply with policies, procedures, laws and regulations and promote efficiency of operations. For year 2017, the cost incurred for internal audit function was RM26,400.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>The Company's internal Auditor has adopted the COSO (Committee of Sponsoring Organisations of the Treadway Commission) control framework throughout their audit implementation as a basis for assessing the adequacy and effectiveness of the Company's risk and control processes. This approach is also in compliance with the Bursa Malaysia's Listing Requirement para 15.27 (b) on the issuance of Statement of Risk Management & Internal Control.</p> <p>The COSO framework components comprises of the following 5 interrelated control elements:</p> <p>1) Organisational Control Environment - provides an atmosphere in which people conduct their activities and carry out their control responsibilities. It serves as the foundation for the other components.</p> <p>2) Risk Assessment - within this environment, management assesses risks to the achievement of specific objectives.</p> <p>3) Control Activities - are implemented to help ensure that management directives to address the risks are carried out.</p> <p>4) Information & Communication - meanwhile, relevant information is captured and communicated throughout the organisation.</p> <p>5) Monitoring - the entire process is monitored and modified as conditions warrant.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Peterlabs ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. Peterlabs also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Bursa Malaysia's website and engagement through the investor relations function.</p> <p>Peterlabs via its website, includes a Investor Relation(IR) section which provides all relevant information on the Company, and it is accessible to the public. This Investor Relation section function including all announcements made by Bursa Malaysia, share price information, annual reports and the corporate and governance structure of Peterlabs.</p> <p>The IR function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their concerns to the public.relation@peterlabs.com.my, contact person : Ms Evone Yap</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Peterlabs is preparing to adopt the practices of the CG code and will look into adopting integrated reporting in the near future.	
		The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including Management and Discussion Analysis, Corporate Governance Overview Statement and Statement of Risk Management and Internal Control.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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 2017 AGMs for Peterlabs was held on 30 May 2017. The notice for AGM was issued more than 28 days prior to the date of the AGM allowing sufficient time for the holders of Peterlabs shares to consider the proposed resolutions tabled at the AGM.</p> <p>In addition to that, the notice Peterlabs AGMs also included details and relevant explanatory notes to the resolutions proposed to enable the holders of Peterlabs share to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors, including members of AC, RC and NC, attended and participated at Peterlabs AGM in 2017.</p> <p>The presence of all directors presented opportunities for the holders of Peterlabs Share to engage with each Director and also allowed the holders of Peterlabs share to raise questions and concerns directly to the Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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>Peterlabs has adopted poll voting since its 8th Annual General Meeting held on 30 May 2017 for all resolutions proposed, where the votes were cast by way of voting slips in accordance with Paragraph 8.29A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Peterlabs had appointed Sharepolls Sdn Bhd as Poll Administrator to conduct the polling process, and as Scrutineers to verify the poll results.</p> <p>The 8th AGM was held at Nilai Springs Resort Hotel in Nilai. This venue was easily accessible as it was familiar to most shareholders of the Company since several past AGMs were held at the same venue.</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
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

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

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