

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7081  
**COMPANY NAME** : Pharmaniaga Berhad  
**FINANCIAL YEAR** : December 31, 2024

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (the Board) of Pharmaniaga Berhad (Pharmaniaga or the Company) is committed to exhibit high standards of corporate governance. In fulfilling its role as stewards of the Company and its subsidiaries (collectively referred to as the "Group"), the Board is dedicated to discharge its duties with due care, skill and diligence.</p> <p>The key responsibilities of the Directors are as follows:</p> <p><b>a) Promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour</b></p> <p>The Board is committed to drive the "tone of the top" in terms of ethics and professionalism, and expects the employees to conduct themselves with integrity.</p> <p>The core values of the Group are:</p> <ul style="list-style-type: none"><li>• Respect</li><li>• Integrity</li><li>• Teamwork</li><li>• Excellence</li></ul> <p>These core values have been formalised and are expressed by the moniker "RITE". These values are disseminated to employees and continuously reinforced throughout their tenure with the Group. The Board ensures that each employee acknowledges that he has received, read and understood the Code of Ethics and Conduct ("Code"). A copy of this Code is made available on the Group's website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>

**b) Reviewing and deciding on management’s proposals for the Company, and monitoring its implementation by management**

Management’s proposals which are reserved for the Board’s approval will be discussed at the Board Meetings, where the Directors have the opportunity to scrutinize the proposal and seek clarification from the Management team. The Managing Director ensures that Management has taken into account all the appropriate considerations before tabling the proposals to the Board. Any significant updates on the proposals would be updated to the Directors either in the next Board Meeting or in follow-up reports distributed.

The day-to-day management of the Group is delegated to the Managing Director and the Senior Management team. In this respect, the Board is guided by the Limits of Authority which provides the authority limits for corporate, operational, financial and human resource areas. The Limits of Authority determines the respective approving authorities for each transaction, prohibiting unfettered powers for any single individual within the various levels of management.

**c) Ensuring that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;**

The Group’s sustainability initiatives reflect its continuous drive towards maximising opportunities for strong fiscal growth and optimising operational efficiency in tandem with the long-term value creation based on economic, environmental, and social considerations. Details of the Group’s sustainability efforts for the year ended 31 December 2024 are set out in Integrated Report 2024.

**d) Supervising and assessing management performance to determine whether the business is being properly managed**

The Board meets at least four (4) times a year, with additional meetings held as and when required by the Board. Prior to the start of the new financial year, the Board will review and discuss the annual budget and strategic business plans presented by Management, before approving for execution. Key Performance Indicators (KPIs) for the Managing Director and Senior Management team are put in place to ensure Management’s performance is aligned with the Group’s business targets for the year, and also for the future on a medium and long-term basis.

**e) Ensuring there is a sound framework for internal controls and risk management**

The Board acknowledges its overall responsibility to maintain a sound system of internal control to safeguard shareholders' investments and the assets of the Group and to review the adequacy and integrity of the system. Notwithstanding this, due to the limitations inherent in any internal control system, the Group's internal control system is designed to manage risks within tolerable and knowledgeable limits rather than eliminate the risk of failure to achieve business objectives. The Group's internal control can only provide reasonable but not absolute assurance against material misstatement or loss. Details of the Group's internal controls are set out in its Statement on Risk Management and Internal Control, which is on page 180 to page 195 of the Company's Integrated Report 2024.

**f) Understanding the principal risks of the Group's business and recognising that business decisions involve the taking of appropriate risks**

The Board has ensured that the Group has the necessary risk infrastructure encompassing the risk assessment process, organisational oversight, and reporting function to instill the appropriate discipline and control for continuous improvement of risk management capabilities. Details of the Group's risk management measures are set out in its Statement on Risk Management and Internal Control, which is on page 180 to page 195 of the Company's Integrated Report 2024.

**g) Ensuring that there is an appropriate risk management framework in place, for management to identify, manage and monitor significant risks**

The Board has put in place a Risk Management Framework for Management to identify, evaluate, manage and monitor significant risks. Details of the Group's Risk Management Framework are set out in its Statement on Risk Management and Internal Control which is on page 180 to page 195 of the Company's Integrated Report 2024.

**h) Ensuring that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management**

The Board seeks to ensure that the members of the Senior Management team are qualified, professional and have sufficient calibre to collectively lead the operations of the Group. The Board takes cognisance that the orderly succession of Senior Management is important to ensure the readiness of internal candidates to fill potential positions. In this respect, the Group

	<p>has put in place its talent development programmes to provide opportunities for employees to hone their capabilities and leadership skills.</p> <p><b>i) Ensuring that the Group has in place procedures to enable effective communication with stakeholders</b></p> <p>The Board is committed in providing effective and timely communication with its stakeholders. The Group uses a number of formal channels for effective dissemination of information to the public, namely, the Integrated Report, announcements to Bursa Malaysia Securities Berhad and media releases. Regular analyst briefings are conducted for stakeholders, whilst the Group’s website, <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a> provides relevant information for investors and other stakeholders.</p> <p><b>j) Ensuring the integrity of the Company’s financial and non-financial reporting</b></p> <p>The Audit Committee has been entrusted by the Board to ensure the Group’s financial and non-financial reporting present a true and fair view of its state of affairs. The Audit Committee meets at least four (4) times a year to review the unaudited financial results, and ensures Management prepares the results and statements in accordance with the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), applicable accounting standards and other relevant regulatory requirements.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The role and responsibilities of the Chairman of the Board are clearly specified in Paragraph 4 of the Board Charter, which is available on the Company's website <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p> <p>During the financial year under review, Encik Izaddeen was the Chairman of the Company until 1 October 2024 before Dato' Seri Abdul Razak Jaafar took the helm as the Chairman of Pharmaniaga on the same date. In his role as Chairman, he provides leadership so that the Board can perform its responsibilities effectively.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none"><li>• Leading the Board in setting the values and standards of the Company;</li><li>• Encouraging all Directors to play an active role in Board activities;and</li><li>• Ensuring the provision of accurate, timely and clear information to Directors.</li></ul> <p>The Chairman together with the Company Secretaries sets the agenda of each Board Meeting. He ensures that Directors receive Board papers in a timely manner and that Directors are properly briefed on issues arising in Board Meetings. During Board Meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed. The Chairman also ensures that every Board resolution is put to vote and the will of majority prevails.</p> <p>The Chairman plays a key role in the conduct of the General Meetings. Besides ensuring the proper flow of resolutions tabled at the meeting, he manages the communication on the floor. He further encourages active participation from shareholders and allows a generous amount of time during the questions and answers session.</p>
<b>Explanation for departure</b> :	

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

### 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 parties.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman and Chief Executive Officer (CEO) roles are separate and clearly defined and held by two distinct parties. During the financial year ended 31 December 2024, Encik Izaddeen Daud was the Chairman of the Company until 1 October 2024 and was subsequently redesignated as Non-Independent Non-Executive Director following the appointment of Dato' Seri Abdul Razak Jaafar as the new Independent Non-Executive Chairman of the Board with effect from the same date.</p> <p>Encik Zulkifli Jafar was the Deputy CEO before he was appointed as the Executive Director (ED) of the Company effective 1 March 2024. He was redesignated as Managing Director (MD) on 1 September 2024. In his role as the MD, he provides the necessary support to the Chairman.</p> <p>The Chairman is primarily responsible for the orderly conduct and workings of the Board, whilst the MD has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions. The distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities whilst preventing individuals from dominating deliberations and the decision-making process.</p> <p>The respective roles, duties and responsibilities of the Chairman and the MD are as stated in the Company's Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

*Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.*

<b>Application</b>	: Applied								
<b>Explanation on application of the practice</b>	<p>: During the financial year ended 31 December 2024, Pharmaniaga is in compliance with Practice 1.4 of the MCGG whereby none of its Chairmen sits as a member of the Audit Committee ("AC") or the Nominating and Remuneration Committee ("NRC") of the Company.</p> <p>The Chairman of the AC and NRC during the year under review are as follows:</p> <table border="1" data-bbox="560 987 1369 1137"> <thead> <tr> <th colspan="2" data-bbox="560 987 1369 1025"><b>Chairman of Audit Committee</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="560 1025 983 1137">Sarah Azreen Abdul Samat <i>Independent Non-Executive Director</i></td> <td data-bbox="983 1025 1369 1137">Appointed with effect from 30 August 2021</td> </tr> </tbody> </table> <table border="1" data-bbox="560 1211 1369 1391"> <thead> <tr> <th colspan="2" data-bbox="560 1211 1369 1249"><b>Chairman of Nominating and Remuneration Committee</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="560 1249 983 1391">Dr Abdul Razak Ahmad <i>Senior Independent Non-Executive Director</i></td> <td data-bbox="983 1249 1369 1391">Appointed with effect from 2 February 2021</td> </tr> </tbody> </table> <p>The Chairman of the Audit Committee and Nominating and Remuneration Committee are distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee and Nominating and Remuneration Committee assumed by different individuals allows the Board to review the Committee's findings and recommendations objectively.</p> <p>The duties and responsibilities of the Chairman of the Audit Committee and Nominating and Remuneration Committee are outlined in the Terms of Reference of the Audit Committee and the Nominating and Remuneration Committee which is available on the Group's website, <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>	<b>Chairman of Audit Committee</b>		Sarah Azreen Abdul Samat <i>Independent Non-Executive Director</i>	Appointed with effect from 30 August 2021	<b>Chairman of Nominating and Remuneration Committee</b>		Dr Abdul Razak Ahmad <i>Senior Independent Non-Executive Director</i>	Appointed with effect from 2 February 2021
<b>Chairman of Audit Committee</b>									
Sarah Azreen Abdul Samat <i>Independent Non-Executive Director</i>	Appointed with effect from 30 August 2021								
<b>Chairman of Nominating and Remuneration Committee</b>									
Dr Abdul Razak Ahmad <i>Senior Independent Non-Executive Director</i>	Appointed with effect from 2 February 2021								
<b>Explanation for departure</b>	:								

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

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

## Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries of Pharmaniaga are Puan Wan Intan Idura Wan Ismail and Encik Syaruzaimi Yusof. Both have legal qualifications and are Licensed Secretary from Companies Commission of Malaysia. They are also qualified to hold the position under Section 235 of the Companies Act 2016. Puan Wan Intan Idura and Encik Syaruzaimi were appointed as the in-house Company Secretaries of Pharmaniaga since 20 November 2019.</p> <p>The Company Secretaries plays an advisory role in supporting the Board to uphold high standards of corporate governance. As a counsel to the Board, they provide the Board with periodic updates regarding regulatory developments and assist the Board in interpreting and applying pertinent corporate governance promulgations. The Company Secretaries also provide support in facilitating the flow of information to Board. The Company Secretaries additionally serve as liaison for stakeholders' communication and engagement on corporate governance issues. The role and responsibilities of the Company Secretaries are set out in the Board Charter.</p> <p>The Company Secretaries have a direct functional reporting line to the Chairman and have been accorded with appropriate standing and authority to enable them to discharge their duties in an impartial and effective manner. The appointment or removal of the Company Secretaries is the prerogative of the Board.</p> <p>In order to upskill themselves and keep abreast with the latest developments in the corporate governance realm, the Company Secretaries have attended relevant training and professional development programmes during the financial year under review relating to Companies Act 2016, Malaysian Code on Corporate Governance (MCCG) and MMLR.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board recognises the importance of information supply in promoting informed Board discussions and deliberations. The Chairman, together with Management and Company Secretaries, are responsible for ensuring Directors receive adequate and timely information prior to Board or Board Committee meetings.</p> <p>The Board meets regularly during the year, with the annual meeting date tentatively shared in advance to facilitate Directors' planning. There is a formal schedule of matters (including quarterly financial results, strategic business issues, and the annual business plan) reserved for discussion at the scheduled Board meetings.</p> <p>The notice of the Board meetings is circulated to Board members at least fourteen (14) days before the meeting and the agenda and Board papers are circulated to the Directors five (5) days before each meeting. The meeting may be held either physically, virtually or hybrid.</p> <p>The Directors are supplied with Board papers with the necessary information that are accurate, clear and comprehensive to enable informed decision making at the Board meetings. In addition, Board members can seek further advice or clarification from Management when required.</p> <p>Pharmaniaga provides digital access to meeting materials of all Board and Board Committee meetings instead of distribution of hard copies. The customised solution provides various functionalities which enable Directors and Committee members to access Company's documents. With that, Directors and Committee members can access meeting materials and relevant information in a timely and efficient manner, thus improving Board performance and overall effectiveness of decision-making.</p> <p>The deliberations and conclusions of issues discussed in the Board meetings are duly recorded in the Board minutes, the draft of which is circulated for the Board and the Chairman's review within a reasonable timeframe after the meeting. The meeting minutes capture the decisions made, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views.</p>

	The decisions made at the Board meetings are also communicated to Management in a timely manner to ensure appropriate execution.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by its Board Charter which clearly sets out the Board's strategic intent, roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter is reviewed periodically and updated in accordance with the needs of the Group to ensure its effectiveness and consistency with the Board's objectives and corporate vision. The Board Charter serves as a primary reference point on governance matters for Directors as well as induction literature for newly-appointed Directors.</p> <p>The Board Charter addresses, among others, the following matters: -</p> <ul style="list-style-type: none"><li>• Role and responsibilities of the Board;</li><li>• Composition, Board balance and Board diversity;</li><li>• The role of Chairman and Managing Director;</li><li>• The role of Senior Independent Non-Executive Director;</li><li>• Appointment and Re-election of Directors;</li><li>• Supply of information and Board meetings;</li><li>• Tenure of Independent Directors;</li><li>• Matters reserved by the Board;</li><li>• Board Effectiveness Evaluation;</li><li>• Board Committees;</li><li>• Financial Reporting;</li><li>• Annual General Meetings;</li><li>• Communication with stakeholders; and</li><li>• The role of Company Secretaries</li></ul> <p>The Board Charter was last reviewed on 16 August 2019. The Board Charter is accessible for reference on the Group's website, <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a></p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board consistently strives to set the “tone at the top” and instill ethical values and standards across every level of the Group. In this regard, the Company has put in place a Code of Ethics and Conduct which subject employees to a set of values and standards of conduct that are expected of them.</p> <p>The Code of Ethics and Conduct serves as a formal commitment by employees to conduct themselves professionally at all times and to do business in a transparent, appropriate and fair manner. The Code of Ethics and Conduct is available on the Group’s website, <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p> <p>The Code of Ethics and Conduct covers the following overarching areas:</p> <ul style="list-style-type: none"><li>• Conducting business ethically, fairly and with honesty;</li><li>• Complying with laws including abuse of power, corruption, insider trading and money laundering;</li><li>• Providing quality and safe products;</li><li>• Protecting the Group’s assets and information;</li><li>• Maintaining complete and accurate business records; and</li><li>• Respecting others in the workplace and society.</li></ul> <p>All employees of the Group are required to acknowledge that they have received, read and understood the provisions of the Code of Ethics and Conduct.</p> <p>The Board reviews the Code of Ethics and Conduct periodically or as and when the need arises to ensure it is kept contemporaneous.</p>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is committed in preserving and protecting its integrity, interest and reputation at all times. In this respect, the Whistleblowing Policy was established in 19 November 2018, and was last reviewed by the Board on 26 November 2024.</p> <p>The main objective of the Whistleblowing Policy is to provide a point of escalation for employees or stakeholders to disclose in a bona fide manner any suspected acts of wrongdoings without any fear of reprisal. It also fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoings within the Group.</p> <p>The Whistleblowing Policy provides guidelines for the reporting and the investigation of any wrongdoings. Such misconduct may be reported either through whistleblowing hotline at 1-800-182-082, or in writing directly to <a href="mailto:whistleblow@pharmaniaga.com">whistleblow@pharmaniaga.com</a>, 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 website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p> <p>In the event there is no action taken on the reports lodged, the revised Whistleblowing policy provides the whistleblower with the option to channel the report to Boustead Group Integrity and Governance through <a href="mailto:alert@boustead.com.my">alert@boustead.com.my</a> or directly to MACC or any other relevant enforcement agency.</p> <p>The Whistleblowing Policy makes it clear that concerns can be raised without fear of victimisation, recrimination, discrimination or disadvantage to the employee or stakeholder that reports the concerns.</p> <p>The Board together with Management, reviews the Whistleblowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</p>

	The Integrity & Governance Unit (“IGU”)which was established on 28 November 2018 execute 4 functions i.e. complaints management, detection and verification, integrity enhancement and governance. The IGU functions independently and reports to the Audit Committee and dotted line to the Managing Director.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board together with the Management takes responsibility for the governance of sustainability in the Group, including setting the sustainability strategies, priorities and targets. A designated senior employee is tasked to focus on the management of sustainability strategically including integration of sustainability considerations in the Group’s operations.</p> <p><u>Sustainability Governance</u> Sustainability at Pharmaniaga Berhad is led by our highest governing body namely the Board of Directors (Board). The Board is responsible for the Group’s sustainability strategy as well as our sustainability performance. As at 31 December 2024, it is supported by the Sustainability Committee comprising of three (3) committee members who oversee the Group’s sustainability objectives, policies and practices. At Management level, the Management Sustainability Committee (MSC) which is chaired by the Managing Director of the Company is responsible in managing the Group’s sustainability management and administration. The MSC is supported by the Sustainability Secretariat which oversees sustainability operations and implementations within the Group.</p> <p>The Sustainability Committee and Management Sustainability Committee have oversight of the ESG matters and assist the Board with governance and monitoring.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures that the Group’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to all stakeholders. The well-being of customers, employees and other stakeholders as well as the environment is crucial to sustaining our long-term performance.</p> <p>The Board and Management Communicate the Group’s sustainability strategies, priorities, targets and performance with internal and external stakeholders through the following channels:</p> <p><u>Internal stakeholders</u></p> <ul style="list-style-type: none"> <li>• Annual Performance Appraisal</li> <li>• Training Needs Analysis</li> <li>• Employee Happiness</li> <li>• Periodic Townhall</li> <li>• Webinar and Training</li> <li>• Internal communication including emails, posters and internal social media channel</li> </ul> <p><u>External stakeholders</u></p> <ul style="list-style-type: none"> <li>• Integrated Report</li> <li>• Annual General Meeting</li> <li>• Website</li> <li>• Engagement and dialogue session with various group of external stakeholders</li> </ul> <p>Further details are contained in the Stakeholder Engagement segment which is on page 36 to page 37 of the Company’s Integrated Report 2024.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company incorporated Environmental, Social and Governance (ESG) risks and opportunities into the Group’s business decisions given its heightened materiality in decision-making considerations of stakeholders. The Company considers the integration of ESG factors as a component of the Board’s fiduciary responsibility and accountability and therefore to the oversight and management of sustainability.</p> <p>The Company has implemented various measures to drive sustainability in line with its business values and philosophy including environmental-related risks and opportunities.</p> <p>Management has identified the sustainability issues related to Company’s business and stakeholders with proper assessment to help formulate its sustainability strategies.</p> <p>The Board together with the Management had identified the key strategies to mitigate the risk on ESG matters, as follows:</p> <ul style="list-style-type: none"> <li>• Keeping abreast with the latest development on ESG-related policies affecting the pharmaceutical industry</li> <li>• Human rights awareness programme</li> </ul> <p>The Board is actively engaged in the governance of ESG issues, including the Company’s strategies approach and performance towards ESG.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The annual assessment conducted included the performance of each Director and the Senior Management Team in relation to material sustainability risks and opportunities. Based on the assessment, the Board and Senior Management have sufficiently discharged their oversight responsibilities in addressing the Company’s material sustainability risks and opportunities during the financial year under review.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **Intended Outcome**

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

### **Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	Puan Fazleena Jasin, (Head of Sustainability) is currently managing the Company's sustainability governance to support its long-term strategy and success in the Company's operation.

**Intended Outcome**

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

**Practice 5.1**

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director’s performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating and Remuneration Committee (NRC) and the Board, from time to time undertake a review of the Board and Board Committees’ composition to determine areas of strength and improvement opportunities. The NRC will assess annually the skills, experience, independence and diversity required collectively for the Board to effectively fulfil its role.</p> <p>The NRC is also responsible for recommending to the Board, on the re-election of Directors at the forthcoming Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As of 31 December 2024, the Board comprises eleven (11) members and one (1) alternate member, with the following eight (8) being Independent Directors, as follows:</p> <ul style="list-style-type: none"> <li>• Dato’ Seri Abdul Razak Jaafar</li> <li>• Dr. Abdul Razak Ahmad</li> <li>• Sarah Azreen Abdul Samat</li> <li>• Dato’ Mohd Zahir Zahur Hussain</li> <li>• Dato’ Dr Faridah Aryani Md Yusof</li> <li>• Dr. Imam Fathorrahman</li> <li>• Dr. Mary Jane Cardosa</li> <li>• Dato’ Seri Dr Hj Awaludin Said</li> </ul> <p>Pharmaniaga is able to facilitate greater checks and balances during boardroom deliberations and decision-making. This counterweight allows Independent Directors to encourage, support and drive each other in the value creation and sustainability of the business.</p> <p>The Nominating and Remuneration Committee has assessed the Board composition and is satisfied that the current size and composition of Directors is adequate to provide a balanced mix of skills and experience, as well as the objectivity required in the boardroom.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Board Directorship Policy on 16 August 2019. The said policy serves as a formal commitment by the Board of Directors regarding their directorship and tenure as Pharmaniaga Berhad Board of Directors. As of 31 December 2024, none of the current independent directors serve more than a cumulative term of nine years.</p> <p>The Board Directorship Policy is published on the Company's website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b> :	Not Applied
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

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

## Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at the leadership and employee levels.</p> <p>A range of diversity dimensions brings different perspectives to the boardroom and various levels of Management within the Group.</p> <p>The Nominating and Remuneration Committee is responsible for leading the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the Nominating and Remuneration Committee's role is detailed in its Terms of Reference, which is accessible for reference on the Group's website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p> <p>In making its recommendations to the Board, the Nominating and Remuneration Committee considers and assesses the suitability of a new appointment based on objective criteria set in the Company's Directors' Fit and Proper Policy, including:</p> <ul style="list-style-type: none"><li>• Qualification;</li><li>• Required competencies, skills, expertise and experience;</li><li>• Specialist knowledge or technical skills;</li><li>• Professionalism and integrity; and</li><li>• Time commitment to the Company.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating and Remuneration Committee recommends suitable candidates for Directorships to the Board. In undertaking this responsibility, the Nominating and Remuneration Committee leverages several sources to “cast a wider net” and gain access to a wide pool of potential candidates. The responsibilities of the Nominating and Remuneration Committee in this regard are outlined in its Terms of Reference.</p> <p>In evaluating potential candidates, the Nominating and Remuneration Committee will assess directorship suitability based on objective criteria set in the Company’s Directors’ Fit and Proper Policy, including:</p> <ul style="list-style-type: none"><li>• Qualification;</li><li>• Required competencies, skills, expertise and experience;</li><li>• Specialist knowledge or technical skills;</li><li>• Professionalism and integrity; and</li><li>• Time commitment to the Company.</li></ul> <p>In searching for suitable candidates, the Nominating and Remuneration Committee may receive suggestions from existing Board Members, Management, and major shareholders. The Nominating and Remuneration Committee is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures shareholders are provided with the information required to make an informed decision on the appointment and re-appointment of director(s). This includes details of any interest, position, or relationship that might influence, or reasonably be perceived to influence, in a material respect in their capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Group as a whole.</p> <p>The details on the reappointment of directors is provided in the Group's Integrated Report 2024.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Nominating and Remuneration Committee is chaired by Dr. Abdul Razak Ahmad, a Senior Independent Non-Executive Director.</p> <p>The Board understands that an effective recruitment and evaluation process of Directors is the building block of a high-performing Board. The Board, therefore, believes that the Independent Director is the most suitable and qualified person to lead the conduct of the process in an objective manner.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	As at 31 December 2024, the Company has three (3) female Directors representing about 27% of women directors on its Board.
		The Board acknowledges the call for gender diversity of at least 30% of women directors in companies and has been actively searching for the right candidate to fill the directorship positions.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board supports gender diversity at all levels, including the Board and other employees. The Board acknowledges that this is an area for continuous improvement and will continue searching for suitable female directors and employees.
<b>Timeframe</b>	:	Within 2 years

**Intended Outcome**

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

**Practice 5.10**

The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company appreciates the benefits of having gender diversity in the Boardroom and among Senior Management as a mixed-gendered environment would offer different viewpoints, ideas, and market insights, which enables better problem-solving to gain competitive advantage in serving an increasingly diverse customer base.</p> <p>The Gender Diversity policy is accessible for reference on the Company’s website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>MCCG stipulates that a formal and objective annual evaluation should be conducted to determine the effectiveness of the Board. The Nominating and Remuneration Committee is responsible for the Board Effectiveness Evaluation (BEE) process, covering the Board, Board Committees and individual Directors, including Independent Directors.</p> <p>The Board evaluation is conducted yearly and involves Directors completing the BEE questionnaire, covering the Board and Board Committees processes and the effectiveness and contribution of each of the Directors to the Board and Board Committees.</p> <p>The Nominating and Remuneration Committee, upon conclusion of the BEE exercise, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess the right blend of knowledge, experience and the appropriate mix of skills. In addition, there was a mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and robust decision-making process. Independent Directors were assessed to be objective in exercising their judgement.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	

<b>Timeframe</b>	:		
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### Intended Outcome

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

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

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company’s website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has formalised its Board and Senior Management Remuneration Policy on 22.2.2023. The policies set out the criteria and procedures to recommend the remuneration package of the Board and Senior Management.</p> <p>Review of remuneration for C-Suite and Senior Management is usually undertaken on an annual basis to reflect the experience and level of responsibilities undertaken, while for Non-Executive Directors, the review may be made from time to time as determined by the Board.</p> <p>However, due to the Company’s PN17 status, the remuneration review is currently on hold until the Company’s financial position stabilizes and exits the situation.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Nominating Committee was merged with the Remuneration Committee on 16 May 2020 and is now known as Nominating and Remuneration Committee. The Nominating and Remuneration Committee comprises all Non-Executive Directors. The membership of the Nominating and Remuneration Committee as of 31 December 2024 is outlined below:</p> <ol style="list-style-type: none"><li>1) Dr. Abdul Razak Ahmad (<i>Senior Independent Non-Executive Director and Chairman of Nominating and Remuneration Committee</i>)</li><li>2) Sarah Azreen Abdul Samat (<i>Independent Non-Executive Director</i>)</li><li>3) Dato' Dr Faridah Aryani Md Yusof (<i>Independent Non-Executive Director</i>)</li><li>4) Dr. Imam Fathorrahman (<i>Independent Non-Executive Director</i>)</li></ol> <p>The Nominating and Remuneration Committee responsibilities include reviewing the remuneration packages, reward structure and benefits applicable to Board and Senior Management, and making the appropriate recommendations to the Board.</p> <p>The Terms of Reference of Nominating and Remuneration Committee is accessible for reference on the Group's website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Group successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.</p> <p>The remuneration of Non-Executive Directors is reviewed once in every three (3) years. The remuneration of Non-Executive Directors is approved by shareholders at the AGM of the Company, as prescribed by the Company's Constitution and the Companies Act 2016. However, due to the Company's PN17 status, the remuneration review is currently on hold until the Company's financial position stabilizes and it exits the situation.</p> <p>The details for the remuneration of Directors for the financial year ended 31 December 2024 for the Company are stated on page 174 of the Company's Integrated Report 2024. It is also disclosed as follows:</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Zulkifli Jafar	Managing Director	0	31	1,131	0	25	0	1,187	0	54	1,131	3	25	0	1,213
2	Dato' Seri Abdul Razak Jaafar	Independent Non-Executive Chairman	43	6	0	0	0	0	49	43	6	0	0	0	0	49
3	Dr. Abdul Razak Ahmad	Senior Independent Non-Executive Chairman	154	54	0	0	0	0	208	202	71	0	0	0	0	273
4	Izaddeen Daud	Non-Independent Non-Executive Director	150	20	0	0	0	0	170	150	20	0	0	0	0	170
5	Sarah Azreen Abdul Samat	Independent Non-Executive Director	132	56	0	0	0	0	188	180	78	0	3	0	0	261
6	Mohammad Ashraf Md Radzi	Non-Independent Non-Executive Director	90	14	0	0	0	0	104	90	14	0	0	0	0	104
7	Dato' Mohd Zahir Zahur Hussain	Independent Non-Executive Director	96	31	0	0	0	0	127	96	31	0	0	0	0	127
8	Dato' Dr Faridah Aryani Md Yusof	Independent Non-Executive Director	82	26	0	0	0	0	108	82	26	0	0	0	0	108
9	Dr. Imam Fathorrahman	Independent Non-Executive Director	97	35	0	0	0	0	132	268	81	0	12	0	0	361
10	Dr. Mary Jane Cardosa	Independent Non-Executive Director	41	5	0	0	0	0	46	41	5	0	0	0	0	46
11	Dato' Seri Hj Awaludin Said	Independent Non-Executive Director	41	6	0	0	0	0	47	41	6	0	0	0	0	47
12	Mohd Firdaus Zulkifli (Alternate Director to Mohammad Ashraf Md Radzi)	Non-Independent Non-Executive Director	0	1	0	0	0	0	1	0	1	0	0	0	0	1

	Ahmad Shahredzuan Mohd Shariff	Non-Independent Non-Executive Director	92	36	0	0	0	0	128	92	36	0	0	0	0	128
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### Intended Outcome

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

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure												
<b>Explanation on application of the practice</b>	:													
<b>Explanation for departure</b>	:	<p>Remuneration paid to the top five (5) Senior Management of Pharmaniaga for the financial year ended 31 December 2024 are as follows:-</p> <table border="1"><thead><tr><th>Top Five Senior Management (not including Managing Director)</th><th>Number of persons</th></tr></thead><tbody><tr><td>From RM250,000 to RM300,000</td><td>1</td></tr><tr><td>From RM450,000 to RM500,000</td><td>1</td></tr><tr><td>From RM600,000 to RM650,000</td><td>2</td></tr><tr><td>From RM750,000 to RM800,000</td><td>1</td></tr><tr><td><b>Total</b></td><td><b>5</b></td></tr></tbody></table> <p>No Senior Management's remuneration falls within the RM800,001 to RM900,000 and RM950,001 to RM1,000,000 bands.</p> <p>The remuneration of the top five (5) Senior Management of the Company disclosed above is on an aggregate basis and it allows the stakeholder to make an appreciable link between remuneration of Senior Management and performance of the Group. At this particular juncture the Board is of the opinion that the disclosure of the Senior Management's individual remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.</p> <p>The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Senior</p>	Top Five Senior Management (not including Managing Director)	Number of persons	From RM250,000 to RM300,000	1	From RM450,000 to RM500,000	1	From RM600,000 to RM650,000	2	From RM750,000 to RM800,000	1	<b>Total</b>	<b>5</b>
Top Five Senior Management (not including Managing Director)	Number of persons													
From RM250,000 to RM300,000	1													
From RM450,000 to RM500,000	1													
From RM600,000 to RM650,000	2													
From RM750,000 to RM800,000	1													
<b>Total</b>	<b>5</b>													

	Management to lead and run the Company successfully. Excessive remuneration pay-outs are not made to Senior Management personnel in any instance.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	: The Company will provide disclosure of Senior Management's Remuneration on a named basis once it is made mandatory under MMLR.  The current disclosure on an aggregate basis already allows stakeholders to establish the nexus between remuneration and value creation of the Group.	
<b>Timeframe</b>	: Others	Within a prescribed period when the requirement is made mandatory under MMLR.

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<b>Application</b>	:	Not Applied
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.1

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>As at 31 December 2024, the Audit Committee ("AC") is chaired by Sarah Azreen Abdul Samat, an Independent Non-Executive Director. Encik Izaddeen Daud was the Chairman of the Board until 1 October 2024, and was replaced by Dato' Seri Abdul Razak Jaafar on the same date. The practice of demarcating the chairmanship of the Board and AC has been codified in the TOR of the AC.</p> <p>Having the positions of Board Chairman and Chairman of the AC assumed by different individuals allows the Board to review the AC's findings and recommendations objectively. Besides, the need for objectivity is particularly imperative for the AC's Chairman, as the committee's effectiveness is often dependent on his/her leadership. The Chairman is expected to demonstrate courage to deal with tough issues and support other members in doing the same, especially in probing management in areas where subjectivity is inherent. Therefore, the Board recognises the importance for the Chairman of the AC to be distinct from the Chairman of the Board.</p> <p>Sound financial understanding and experience equip the Chairman of the AC with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the AC's understanding. Cik Sarah Azreen Abdul Samat's full profile can be viewed on page 153 of the Company's Integrated Report 2024.</p> <p>The duties and responsibilities of the Chairman of the AC are outlined in the Terms of Reference of the AC, which is available on the Group's website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	

<b>Timeframe</b>	:		
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### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is cognizant that a cooling-off period serves as an essential safeguard to the sanctity of the annual audit process by averting potential independence threats which may arise when a former partner of the external audit firm and/or its affiliates is in a position to exert significant influence over the audit and preparation of the Company's financial statements.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the Audit Committee has formalized a stipulation within its policy that governs the appointment of a former key audit partner to the Audit Committee.</p> <p>The policy, which is codified in the Audit Committee's Terms of Reference, requires a former key audit partner to observe a cooling-off period of at least two (2) years before he can be considered for appointment as a committee member.</p> <p>During the financial year under review, none of the current members of the Board or the Audit Committee are former partners of the external audit firm within the last two years.</p> <p>The Audit Committee Terms of Reference is made available on the Company's website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>Under its Terms of Reference, the Audit Committee reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis. The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor's performance, quality of work, audit fees and the adequacy of resources.</p> <p>During the financial year under review, the Company received a formal notice from Messrs. PricewaterhouseCoopers PLT (PwC), to resign as the Company's auditors on a voluntary basis. The resignation was duly acknowledged and accepted by the Board of Directors of the Company.</p> <p>PwC has served as the Company's external auditors for the past 19 years during which they provided valuable contributions to the integrity of the Company's financial reporting.</p> <p>Following EY's resignation, the Company had on 9 October 2024, received the Consent to Act as External Auditors of the Company pursuant to Section 264(5) of the Companies Act 2016 from Messrs. Ernst &amp; Young PLT ("EY"). The Board is of the view that the change of auditor demonstrates the Company's commitment for:</p> <ol style="list-style-type: none"><li>1. A fresh perspective: The appointment of new external auditors will bring a fresh outlook to the Company's audit processes and enhance the audit's overall effectiveness;</li><li>2. Alignment with Groupwide Strategy: The change aligns with the Group's approach to streamline its external auditors across various entities, ensuring a cohesive and standardised audit framework; and</li></ol>

	<p>3. Compliance with best practises: While there is no mandatory rotation requirement, the Company believe that changes in external auditors contribute to strengthening governance practices and maintaining audit independence.</p> <p>The appointment of EY as the Company's new External Auditors for the financial year ending 31 December 2024 was approved by the Board on 21 August 2024.</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>The membership of the Audit Committee as of 31 December 2024 is outlined below:</p> <ol style="list-style-type: none"><li>1) Sarah Azreen Abdul Samat (<i>Independent Non-Executive Director and Chairman of the Audit Committee</i>)</li><li>2) Dr. Abdul Razak Ahmad (<i>Senior Independent Non-Executive Director</i>)</li><li>3) Dato' Mohd Zahir Zahur Hussain (<i>Independent Non-Executive Director</i>)</li><li>4) Dr. Imam Fathorrahman (<i>Independent Non-Executive Director</i>)</li></ol>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As of 31 December 2024, the composition of the Audit Committee are as follows:</p> <ol style="list-style-type: none"><li>1) Sarah Azreen Abdul Samat (<i>Independent Non-Executive Director and Chairman of the Audit Committee</i>)</li><li>2) Dr. Abdul Razak Ahmad (<i>Senior Independent Non-Executive Director</i>)</li><li>3) Dato' Mohd Zahir Zahur Hussain (<i>Independent Non-Executive Director</i>)</li><li>4) Dr. Imam Fathorrahman (<i>Independent Non-Executive Director</i>)</li></ol> <p>Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties. All members of the Audit Committee are financially literate. Cik Sarah Azreen fulfills the requirement set under paragraph 15.09(1)(c) of MMLR, which calls for at least one member of the Audit Committee to be a member of a professional accountancy body.</p> <p>Members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. During the reporting year, the Audit Committee members had attended several training courses. Details of their training can be seen on page 178 and page 179 of the Company's Integrated Report 2024.</p> <p>During the Audit Committee Meetings, the members were briefed by the external auditors, Messrs. PricewaterhouseCoopers, up until 8 October 2024 and Messrs. Ernst &amp; Young PLT on the following key areas:</p>

	<ul style="list-style-type: none"> <li>a. Financial Reporting developments;</li> <li>b. Malaysian Financial Reporting Standards;</li> <li>c. Malaysian Code on Corporate Governance; and</li> <li>d. Other changes in regulatory environment.</li> </ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established the necessary risk and internal control infrastructure encompassing the risk assessment process, internal control measures, organisational oversight and reporting function to instil the appropriate discipline to continuously improve risk management and internal control capabilities.</p> <p>Details of the Group's Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control, which is on page 180 to page 195 of the Company's Integrated Report 2024.</p> <p>The internal control mechanisms established by the Board are embedded within the organisation structure in all its processes. The internal control system is independently reviewed by the Group Internal Audit (GIA) of Boustead Holdings Berhad (the immediate Holding Company of Pharmaniaga Berhad) to assess its adequacy and effectiveness.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Risk assessment, monitoring and review of the various risks faced by the Group are continuous processes within the key operating units, with the Board Risk and Investment Committee (a Board level Committee) which sits on a quarterly basis playing a pivotal oversight function as delegated by the Board of Directors.</p> <p>The Board has further received assurance from the Managing Director and the Risk Officer that the Group’s risk management and internal control systems are operating adequately and effectively. The Managing Director and/or the Risk Officer will inform the Board of the system's effectiveness and highlight any weaknesses and changes in the risk profile during the meeting.</p> <p>Further details are contained in the Statement of Risk Management and Internal Control, which is on page 180 to page 195 of the Company’s Integrated Report 2024.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.3 - Step Up

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

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>The Company established Board Risk Management Committee ("BRMC") on 16 May 2019 to assist the Board in fulfilling the oversight responsibilities with respect to the Company's risk management processes and internal control systems.</p> <p>Considering that the function of risk and investment is interrelated, the Board has, on 24 November 2022, expanded BRMC's function to cover matters relating to the Company's proposed investment as well. It was also agreed that the BRMC be renamed to Board Risk and Investment Committee to reflect its expanded function.</p> <p>The composition of the Board Risk and Investment Committee as at 31 December 2024 is as follows:</p> <ol style="list-style-type: none"><li>1) Dato' Mohd Zahir Zahur Hussain <i>(Independent Non-Executive Director and Chairman of Board Risk and Investment Committee)</i></li><li>2) Sarah Azreen Abdul Samat <i>(Independent Non-Executive Director)</i></li><li>3) Dr Abdul Razak Ahmad <i>(Senior Independent Non-Executive Director)</i></li><li>4) Dato' Dr Faridah Aryani Md Yusof <i>(Independent Non-Executive Director)</i></li></ol>

## Intended Outcome

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of Pharmaniaga is carried out by the Group Internal Audit (GIA) of Boustead Holdings Berhad (the immediate holding company of Pharmaniaga Berhad). As the “eyes and ears” of the Audit Committee, GIA reports directly to the Audit Committee and has direct access to the Board through the Chairman of the Audit Committee. GIA 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 Audit Committee.</p> <p>The Audit Committee reviews and subsequently approves the Annual Internal Audit Plan and ensures GIA is accorded with appropriate standing and authority to facilitate the discharge of its duties.</p> <p>Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. GIA provides assurance and recommendations to the Audit Committee on the Group’s governance, risk management and internal control systems.</p> <p>The Audit Committee has access to the Head of GIA and is able to discuss significant internal audit matters in private if required.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Charter states that Group Internal Audit (GIA) personnel shall have an impartial, unbiased attitude and avoid conflicts of interest in carrying out their duties. If independence or objectivity is impaired in fact or appearance, the details of the impairment should be disclosed to the Audit Committee. The Head of GIA and other internal audit personnel are free from any family relationship with any Directors and/or major shareholders and have no conflict of interest with the Group.</p> <p>GIA adopts internal audit standards and best practices based on the International Professional Practices Framework (IPPF), promulgated by the Institute of Internal Auditors.</p> <p>A total of eight (8) internal auditors from GIA have been assigned to undertake the internal audit function of the Company during the year. Due to the significant resource constraints, the Audit Committee and the Board have approved for the GIA to co-source with Deloitte Business Advisory Sdn Bhd. to undertake the internal audit review.</p> <p>The number of resources in GIA is reviewed by the Audit Committee on a quarterly basis to ensure the adequacy of resources to undertake the internal audit function. The total expenses incurred for the internal audit work of Pharmaniaga during the financial year ended 31 December 2024 was approximately RM466,085.00.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As stewards of the Company, Directors are accountable to shareholders as well as other stakeholders of the Company for the performance and operations of the Company. As such, the Board endeavours to ensure that communication with stakeholders is conducted in a regular and forthcoming manner.</p> <p>The Board aims to maintain a positive relationship with different group of stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby, enabling investors to make informed decisions in valuing the Company's shares.</p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through the Integrated Report, announcements to Bursa Malaysia Securities Berhad, media releases, quarterly results analyst briefings, Annual General Meeting (AGM) and the Group's website.</p> <p>The Company maintains continuous communication and engagement with analysts, institutional shareholders and investors. Interested parties may contact the Investor Relations function at <a href="mailto:investor.relations@pharmaniaga.com">investor.relations@pharmaniaga.com</a> for enquiries regarding investor relations matters of the Group.</p> <p>The Company is also of the view that the AGM is an important opportunity to meet shareholders and address their concerns. At the AGM, there will be a presentation of the Company's annual operating and financial performance, followed by a Questions and Answers session during which the Chairman encourages shareholders' active participation, including clarifying and questioning the Company's strategic direction, business operations, performance, and proposed resolutions. Senior Management of the Company is also present to handle other inquiries from the shareholders.</p>

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

## Intended Outcome

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

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

## Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Since 2021, Pharmaniaga has presented its financial and non-financial performance in an integrated reporting format which enable the Company to provide greater clarity on what it does, its values, strategies and the risk and opportunities faced in achieving the Company's goals.</p> <p>The Integrated Report has been guided by the following principles and requirements:</p> <ul style="list-style-type: none"> <li>• International Integrated Reporting Framework issued by the International Integrated Reporting Council</li> <li>• Main Market Listing Requirements of Bursa Malaysia Berhad</li> <li>• Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia</li> <li>• Companies Act 2016</li> <li>• Malaysian Financial Reporting Standards</li> <li>• International Financial Reporting Standards</li> </ul> <p>The Sustainability Statement meanwhile, has been guided by the following principles:</p> <ul style="list-style-type: none"> <li>• Global Reporting Initiative Standards</li> <li>• Main Market Listing Requirements of Bursa Malaysia Berhad</li> <li>• FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance Indicators</li> <li>• United Nations Sustainable Development Goals</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the AGM as an invaluable platform for shareholders to engage both the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall performance of the Group. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>In this regard, the notice for the 26<sup>th</sup> AGM in 2024 was provided to shareholders on 2 May 2024, at least twenty-eight (28) days before the meeting, which was held on 5 June 2024, beyond the provision of the Main Market Listing Requirements which call for a 21-days' notice period for public companies or listed issuers respectively.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility to engage with shareholders and provide meaningful responses to their questions. In demonstrating this commitment to shareholders, all Directors attended last year's AGM held on 5 June 2024.</p> <p>The Chairman of the Board encourages shareholders' active participation during AGMs by allocating sufficient time for the questions and answers session.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>As an initiative to leverage on technology to broaden its channel of dissemination of information, enhance the quality of engagement with its shareholders and facilitate further participation of shareholders at the Company's general meetings as well as to promote environmental sustainability and cost efficiency, Pharmaniaga has established an e-communication platform with shareholders for the following:</p> <ol style="list-style-type: none"><li>1) Integrated Report 2023 together with Circular to Shareholders.</li><li>2) E-Lodgement of proxy form by shareholders for Pharmaniaga's 26<sup>th</sup> Annual General Meeting.</li></ol> <p>The Company, at its 26<sup>th</sup> AGM held on 5 June 2024 had enabled remote shareholders' participation and online remote voting by leveraging on technology in accordance with Section 327 (1) and (2) of the Companies Act 2016 and Article 63 of the Company's Constitution. The Company conducted its AGM using the Remote Participation and Voting ("RPV") facilities with online attendance and voting by shareholders. Tricor Investor &amp; Issuing House Services Sdn Bhd ("Tricor") was appointed as Poll Administrator to conduct the polling process, and Asia Securities Sdn Bhd as Scrutineers to verify the poll results.</p> <p>The Company had conducted a fully virtual 26<sup>th</sup> AGM on 5 June 2024 at the Broadcast Venue by leveraging technology in accordance with Section 327(1) and (2) of the CA 2016, Article 63 of the Constitution of the Company and SC's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers dated 18 April 2020, 19 February 2021, 5 March 2021, 6 May 2021 including any amendments that are made from time to time.</p>
<b>Explanation for departure</b> :	

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

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the fully virtual 26<sup>th</sup> Annual General Meeting (AGM) of the Company held on 5 June 2024, the Company has leveraged on technology to hold its AGM virtually in its entirety via Remote Participation and Voting (RPV) facilities. The virtual AGM was streamed on Tricor's website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively "participate") remotely at the AGM.</p> <p>The detailed procedures to participate in the meeting remotely were provided to the shareholders in the Administrative Notes of the AGM which were sent through email and/or by ordinary post and the same were also published on the Company's website. At the 26<sup>th</sup> AGM, a total of 721 shareholders and proxies logged in through the RPV.</p> <p>The Board of Directors, Executive Director, Chief Financial Officer and the Company Secretary attended physically at the Broadcast venue while the Senior Management team, External Auditors and shareholders attended the meeting virtually. The Company's moderator read the questions posed by the shareholders and the Chairman of the Board, the Deputy Chief Executive Officer, EXCO Chairman and/or Chief Financial Officer responded to the questions accordingly. To ensure effective communication, each question was also displayed on the screen as and when responses were provided to the respective questions accordingly in an orderly manner. The 26<sup>th</sup> AGM proceeding went smoothly with the choice of RPV facilities.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 26<sup>th</sup> Annual General Meeting (“AGM”) of the Company was successfully conducted by way of live streaming from the Broadcast venue on 5 June 2024 without any disruption. The Company has considered reliability of meeting platform and ensured that there was sufficient internet bandwidth to support smooth live streaming and participation remotely.</p> <p>The Company also worked with its share registrar, Tricor Investor &amp; Issuing House Services Sdn Bhd to ensure that there was an adequate mitigation plan for any disruption to access the meeting platform.</p> <p>During the proceeding of the AGM, participants were given the opportunity to pose questions in the form of typed texts on <a href="https://tjih.online">https://tjih.online</a>. Questions received prior to the meeting were presented during the Q&amp;A session. The Chairman of the Board and Senior Management also attended to live questions as many as possible at the AGM itself, within the allocated timeframe. After the AGM, the list of questions and answers was published on the Company’s website, including questions that were not addressed during the AGM itself due to time constraints.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Company has made available the Minutes of 26 <sup>th</sup> AGM on the Company's website.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

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

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

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