

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7081
COMPANY NAME : Pharmaniaga Berhad
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <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>a) Promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour</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">• Respect• Integrity• Teamwork• Excellence <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. A copy of this Code is made available on the Group's website, http://www.pharmaniaga.com.</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 scrutinise and seek clarification from the Management team. The Group 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 Group 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-term value creation based on economic, environmental and social considerations. Details of the Group’s sustainability efforts for the year ended 31 December 2021 are set out in its Integrated Report 2021 as well as its standalone Sustainability Report 2021.

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 Group 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 in maintaining a sound system of internal control to safeguard shareholders' investments and the assets of the Group and for reviewing the adequacy and integrity of the system. Notwithstanding this, due to the limitations that are inherent in any system of internal control, 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 132 to page 139 of the Company's Integrated Report 2021.

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 132 to page 139 of the Company's Integrated Report 2021.

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 132 to page 139 of the Company's Integrated Report 2021.

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

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| | <p>Management is important to ensure the readiness of internal candidates to fill potential positions. In this respect, the Group has put in place talent development programmes to provide opportunities for employees to hone their capabilities and leadership skills.</p> <p>i) Ensuring that the Group has in place procedures to enable effective communication with stakeholders</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 Annual Report, announcements to Bursa Malaysia Securities Berhad and media releases. Regular analyst briefings are conducted for stakeholders, whilst the Group’s website, http://www.pharmaniaga.com provides relevant information for investors and other stakeholders.</p> <p>j) Ensuring the integrity of the Company’s financial and non-financial reporting</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>Explanation for departure :</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | |
| <p>Measure :</p> | |
| <p>Timeframe :</p> | |

Intended Outcome

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

Practice 1.2

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

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| Application : | Applied |
| Explanation on application of the practice : | <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 www.pharmaniaga.com.</p> <p>Datuk (Dr.) Hafsa Hashim was the Chairman of the Company until 28 February 2021. On 1 March 2021, Dato' Sri Mohammed Shazalli Ramly was appointed as the Chairman of Pharmaniaga. His profile can be viewed on page 92 of the Company's Integrated Report 2021. 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">• Leading the Board in setting the values and standards of the Company;• Encouraging all Directors to play an active role in Board activities;and• Ensuring the provision of accurate, timely and clear information to Directors. <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> |
| Explanation for departure : | |

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| Measure | : | |
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Intended Outcome

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

Practice 1.3

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The roles of the Chairman and Managing Director are separate and clearly defined, and are held by two distinct individuals. During the financial year ended 31 December 2021, Dato' Seri Mohammed Shazalli Ramly was the Non-Independent Non-Executive Chairman of the Company whereas Datuk Zulkarnain Md Eusope is the Group Managing Director of the Company. In his role as Group Managing Director, he provides the necessary support to the Chairman.</p> <p>The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Group Managing Director has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions. The separation of power seeks to facilitate an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.</p> <p>The respective roles, duties and responsibilities of the Chairman and the Group Managing Director are contained in the Company's Board Charter.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 1.4

The 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'.

| Application | : Applied | | | | | | | | | | | | |
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| Explanation on application of the practice | : <p>As at 31 December 2021, Pharmaniaga is in compliance with Practise 1.4 of the MCGG whereby the Chairman of the Board, Dato' Sri Mohammed Shazalli Ramly is not 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"><thead><tr><th colspan="2">Chairman of Audit Committee</th></tr></thead><tbody><tr><td>1. Dato' Mohd Zahir Zahur Hussain Independent Non-Executive Director</td><td>Resigned with effect from 30 March 2021</td></tr><tr><td>2. Zainal Abidin Shariff Independent Non-Executive Director</td><td>Resigned with effect from 26 August 2021</td></tr><tr><td>3. Sarah Azreen Abdul Samat Independent Non-Executive Director</td><td>Appointed with effect from 30 August 2021</td></tr></tbody></table> <table border="1"><thead><tr><th colspan="2">Chairman of Nominating and Remuneration Committee</th></tr></thead><tbody><tr><td>1. Dr Abdul Razak Ahmad Independent Non-Executive Director</td><td>Appointed with effect from 2 February 2021</td></tr></tbody></table> <p>The Chairman of the Audit Committee, Nomination or Remuneration Committee is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee and Nomination or Remuneration Committee assumed by different individuals allows the Board to objectively review the Committee's findings and recommendations.</p> <p>The duties and responsibilities of the Chairman of the Audit Committee, Nomination or Remuneration Committee are outlined in the Terms of Reference of the Audit Committee and the Nominating</p> | Chairman of Audit Committee | | 1. Dato' Mohd Zahir Zahur Hussain Independent Non-Executive Director | Resigned with effect from 30 March 2021 | 2. Zainal Abidin Shariff Independent Non-Executive Director | Resigned with effect from 26 August 2021 | 3. Sarah Azreen Abdul Samat Independent Non-Executive Director | Appointed with effect from 30 August 2021 | Chairman of Nominating and Remuneration Committee | | 1. Dr Abdul Razak Ahmad Independent Non-Executive Director | Appointed with effect from 2 February 2021 |
| Chairman of Audit Committee | | | | | | | | | | | | | |
| 1. Dato' Mohd Zahir Zahur Hussain Independent Non-Executive Director | Resigned with effect from 30 March 2021 | | | | | | | | | | | | |
| 2. Zainal Abidin Shariff Independent Non-Executive Director | Resigned with effect from 26 August 2021 | | | | | | | | | | | | |
| 3. Sarah Azreen Abdul Samat Independent Non-Executive Director | Appointed with effect from 30 August 2021 | | | | | | | | | | | | |
| Chairman of Nominating and Remuneration Committee | | | | | | | | | | | | | |
| 1. Dr Abdul Razak Ahmad Independent Non-Executive Director | Appointed with effect from 2 February 2021 | | | | | | | | | | | | |

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| | and Remuneration Committee which is available on the Group's website, http://www.pharmaniaga.com . | |
| Explanation for departure : | | |
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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.5

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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <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 and 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 assists the Board in interpreting and applying pertinent corporate governance promulgations such as Capital Markets and Services Act 2007 (Amendment 2012), Companies Act 2016 and MMLR. 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 are the prerogative of the Board.</p> <p>In order to upskill themselves and keep abreast with the latest developments in 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> |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 1.6

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.

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| Application | : Applied |
| Explanation on application of the practice | <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 diary tentatively made 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 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 various Company 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 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> |

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| | The decisions made at the Board meetings are also communicated to Management in a timely manner to ensure appropriate execution. | |
| Explanation for departure : | | |
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| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

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

Practice 2.1

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

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

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| Application | : | Applied |
| Explanation on application of the practice | : | <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"> • Role and responsibilities of the Board; • Composition, Board balance and Board diversity; • The role of Chairman and Managing Director; • Supply of information and Board meetings; • Matters reserved for the Board; • Board effectiveness evaluation; • Board Committees; • Financial Reporting; • General Meetings; and • Communication with stakeholders. <p>The Board Charter was last reviewed on 16 August 2019. The Board Charter is accessible for reference on the Group's website, http://www.pharmaniaga.com</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |

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| Measure | : | | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board consistently strives to set the “tone at the top” and instil 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 is 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, http://www.pharmaniaga.com.</p> <p>The Code of Ethics and Conduct covers the following overarching areas:</p> <ul style="list-style-type: none">• Conducting business ethically, fairly and with honesty;• Complying with laws including abuse of power, corruption, insidertrading and money laundering;• Providing quality and safe products;• Protecting the Group's assets and information;• Maintaining complete and accurate business records; and• Respecting others in the workplace and society. <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> |
| Explanation for departure | : | |

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| Measure | : | |
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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.

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| Application : | Applied |
| Explanation on application of the practice : | <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 July 2010, and was last reviewed by the Board on 20 February 2020.</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 misconducts may be reported either in writing directly to a dedicated e-mail address, namely, alert@pharmaniaga.com. or to the whistleblowing hotline.</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. The other channels for whistleblowing can be accessed at the Group's website at www.pharmaniaga.com.</p> <p>The Integrity Unit was also established in 28 November 2018 to execute 4 functions i.e. complaints management, detection and verification, integrity enhancement and governance. The Integrity Unit functions independently and reports to the Board of Directors and dotted line to the top Management.</p> |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board together with the Management takes responsibility for the governance of sustainability in the Group, including setting it 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. It is supported by the Sustainability Committee comprising of three 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, led by the Sustainability and Safety Department 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 assists the Board with governance and monitoring.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <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 Communicates 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"> • Annual Performance Appraisal • Training Needs Analysis • Employee Happiness • Periodic Townhall • Webinar and Training • Annual Report <p><u>External stakeholders</u></p> <ul style="list-style-type: none"> • Annual Report • Annual General Meeting • Website • Engagement and dialogue session with various group of external stakeholders <p>Further details are contained in the Stakeholder Engagement segment which is on page 44 to page 49 of the Company’s Integrated report 2021.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
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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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Company incorporated economic, 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 accountable 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"> • Keeping abreast with the latest development on ESG related policies affecting the pharmaceutical industry • Human right awareness programme <p>The Board is actively engaged in the governance of the ESG issues, including the Company’s strategies approach and performance towards ESG.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

The 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.

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| Application | : | Applied | |
| Explanation on application of the practice | : | 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. | |
| Explanation for departure | : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
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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.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | The Company has appointed senior personnel within the Management i.e. Dr Badarulhisam Abdul Rahman, to manage the Company's sustainability governance in order 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.

| | | | |
|--|---|--|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Nominating and Remuneration Committee (NRC) and the Board, from time to time undertakes a review of the Board and Board Committees’ composition to determine areas of strength and improvement opportunities. The NRC regularly assess 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 the relevant Directors at the forthcoming Annual General Meeting.</p> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.2

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

| | | |
|--|--|--|
| Application : | Applied | |
| Explanation on application of the practice : | <p>The Board comprises of nine (9) members, with the following four (4) being Independent Directors.</p> <ul style="list-style-type: none">• Dato' Dr. Najmil Faiz Mohamed Aris• Datuk Dr. Azhar Ahmad• Dr. Abdul Razak Ahmad• Sarah Azreen Abdul Samat <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> | |
| Explanation for departure : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 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.

| | | | |
|--|---|---|--|
| Application | : | Not applicable - No independent director(s) serving beyond 9 years | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | Not applicable - No independent director(s) serving beyond 9 years. | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | Others | |

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.

| | | |
|--|---|--|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Board has formalised a Board Directorship Policy on 16 August 2019 which serve as formal commitment for the Board of Directors regarding their directorship and tenure as Pharmaniaga Berhad Board of Directors.</p> <p>The tenure of the independent directors can be found in Item 6 of the Board Directorship Policy, the excerpt of which is as follows:</p> <p><i>“The term of directorship of an Independent Non-Executive Director (INED) shall not exceed a cumulative term limit of nine (9) years. The Board however, upon completion of the nine (9) years, may with a view to add long-term value and in recognition of the INED’s contribution to the Company, invite the INED to continue serve on the Board as a Non-Independent Non-Executive”.</i></p> |

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.

| | |
|--|--|
| Application : | Applied |
| Explanation on application of the practice : | <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 leadership and employee level.</p> <p>Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of Management within the Group.</p> <p>The Nominating and Remuneration Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the role of the Nominating and Remuneration Committee is detailed out in its Terms of Reference, which is accessible for reference on the Group's website, http://www.pharmaniaga.com.</p> <p>In making its recommendations to the Board, the Nominating and Remuneration Committee considers and assess the suitability of a new appointment based on objective criteria, including:</p> <ul style="list-style-type: none">• Qualification;• Required competencies, skills, expertise and experience;• Specialist knowledge or technical skills;• Professionalism and integrity; and• Time commitment to the Company. |
| Explanation for departure : | |
| | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Nominating and Remuneration Committee is responsible for recommending suitable candidates for Directorships to the Board. In undertaking this responsibility, the Nominating and Remuneration Committee leverages on several sources to “cast a wider net” and gain access to a wide pool of potential candidates. The responsibilities of the Nominating and 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, including:</p> <ul style="list-style-type: none">• Qualification;• Required competencies, skills, expertise and experience;• Specialist knowledge or technical skills;• Professionalism and integrity; and• Time commitment to the Company. <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> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |

| | | | |
|------------------|---|--|--|
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Board ensures shareholders are provided with the information they require 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 re-appointment of directors are provided in the Group's Integrated Report.</p> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | <p>The Nominating and Remuneration Committee is chaired by Dr. Abdul Razak Ahmad, an 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> | |
| Explanation for departure | : | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

| | | | |
|--|---|---|--|
| Application | : | Departure | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | At present, the Company has seven (7) male Directors and one (1) female Director. | |
| | | The Board acknowledges the call for gender diversity of at least 30% women directors in companies. The Board is mindful that any gender representation should be in the best interest of the Company. In view of this, the Board will continue to search for more suitable female candidates to fill in the directorship positions. | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | The Board endeavours to reach the 30% target by 2023. | |
| Timeframe | : | Within 1 year | |

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.

| | | | |
|--|---|---|--|
| Application | : | Applied | |
| Explanation on application of the practice | : | The Company appreciates the benefits of having gender diversity in the Boardroom as a mix-gendered Board would offer different viewpoints, ideas and market insights, which enables better problem solving to gain competitive advantage in serving an increasingly diverse customer base, compared with a boardroom dominated by one gender. | |
| Explanation for departure | : | | |
| | | | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | | |
| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 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> | |
| Application : | Applied |
| Explanation on application of the practice : | <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 a 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> <p>The Board engaged an external consultant to facilitate the BEE for year 2018. The BEE was facilitated by the Company Secretary in 2019 using questionnaire that were guided by a set of questionnaires extracted from Bursa Malaysia Corporate Governance Guide (3rd Edition).</p> |
| Explanation for departure : | |
| | |

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

| | | |
|--------------------|--|--|
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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.

| | | |
|--|---|--|
| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | Presently, the Company is in the midst of drafting the remuneration policies for Directors and Senior Management. The Board will take steps towards formalising such policies by end of Q4 2022 to reflect the Company's commitment towards talent management. |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | The Board intends to put in place a remuneration policies and procedures which cover Directors and Senior Management. The Board is cognizant that such policies should be formulated in a holistic manner and premised on the need to have an adequate level of remuneration to attract and retain Directors and Senior Management personnel of high calibre and talent. |
| Timeframe | : | Within 1 year. |

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.

| | |
|--|---|
| Application : | Applied |
| Explanation on application of the practice : | <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 is outlined below:</p> <ol style="list-style-type: none">1) Dr. Abdul Razak Ahmad (Independent Non-Executive Director and Chairman of Nominating and Remuneration Committee)2) Encik Izaddeen Daud (Non-Independent Non-Executive Director)3) Cik Sarah Azreen Abdul Samat (Independent Non-Executive Director) <p>The Nominating and Remuneration Committee responsibilities include reviewing the remuneration packages, reward structure and fringe 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, http://www.pharmaniaga.com.</p> |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |

Timeframe

:

| | | |
|--|--|--|
| | | |
|--|--|--|

Intended Outcome

Stakeholders are able to 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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <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.</p> <p>The details for the remuneration of Directors for the financial year ended 31 December 2021 for the Company are stated on page 125 of the Company's Integrated Report 2021.</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 | Datuk Zulkarnain Md Eusope | Managing Director | 0 | 0 | 0 | 16 | 7 | 0 | 1,053 | 12 | 92 | 0 | 0 | 0 | 0 | 104 |
| 2 | Datuk (Dr.) Hafsah Hashim ¹ | Independent Non-Executive Chairman | 27 | 3 | 0 | 0 | 4 | 0 | 34 | 27 | 5 | 0 | 0 | 0 | 0 | 32 |
| 3 | Dato' Sri Mohammed Shazalli Ramly ² | Non-Independent Non-Executive Chairman | 142 | 6 | 0 | 0 | 0 | 0 | 148 | 142 | 12 | 0 | 0 | 0 | 0 | 154 |
| 4 | Dato' Mohd Zahir Zahur Hussain ³ | Independent Non-Executive Director | 32 | 9 | 0 | 0 | 0 | 0 | 41 | 44 | 13 | 0 | 0 | 0 | 0 | 57 |
| 5 | Dato' Dr. Najmil Faiz Mohamed Aris | Independent Non-Executive Director | 98 | 20 | 0 | 0 | 55 | 0 | 0 | 0 | 36 | 0 | 0 | 0 | 0 | 164 |
| 6 | Datuk Dr. Azhar Ahmad | Independent Non-Executive Director | 95 | 13 | 0 | 0 | 55 | 0 | 0 | 143 | 25 | 0 | 0 | 0 | 0 | 168 |
| 7 | Zulkifli Jafar | Independent Non-Executive Director | 121 | 24 | 0 | 0 | 0 | 0 | 145 | 121 | 30 | 0 | 0 | 0 | 0 | 151 |
| 8 | Dr. Abdul Razak Ahmad | Independent Non-Executive Director | 120 | 30 | 0 | 0 | 0 | 0 | 150 | 150 | 39 | 0 | 0 | 0 | 0 | 189 |
| 9 | Izaddeen Daud ² | Independent Non-Executive Director | 92 | 7 | 0 | 0 | 0 | 0 | 99 | 92 | 7 | 0 | 0 | 0 | 0 | 99 |
| 10 | Zainal Abidin Shariff ⁴ | Independent Non-Executive Director | 52 | 14 | 0 | 0 | 0 | 0 | 66 | 62 | 19 | 0 | 0 | 0 | 0 | 81 |
| 11 | Sarah Azreen Abdul Samat ⁵ | Independent Non-Executive Director | 45 | 6 | 0 | 0 | 0 | 0 | 51 | 54 | 7 | 0 | 0 | 0 | 0 | 61 |
| 12 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 13 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |

| | | | | | | | | | | | | | | | | |
|----|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 14 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here |
| 15 | Input info here | Choose an item. | Input info here | Input info here | Input info here | Input info here | Input info here | Input info here | 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

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.

| Application | : | Departure | | | | | | | | | | | | |
|--|-------------------|---|--|-------------------|-----------------------------|---|-----------------------------|---|---------------------------------|---|---------------------------------|---|--------------|----------|
| Explanation on application of the practice | : | | | | | | | | | | | | | |
| Explanation for departure | : | <p>Remuneration paid to the top five (5) Senior Management of Pharmaniaga for the financial year ended 31 December 2021 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 RM750,001 to RM800,000</td><td>1</td></tr><tr><td>From RM900,001 to RM950,000</td><td>1</td></tr><tr><td>From RM1,000,001 to RM1,200,000</td><td>2</td></tr><tr><td>From RM1,200,001 to RM1,300,000</td><td>1</td></tr><tr><td>Total</td><td>5</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. 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 Management to lead and run the Company successfully. Excessive remuneration pay-outs are not made to Senior Management personnel in any instance.</p> | Top Five Senior Management (not including Managing Director) | Number of persons | From RM750,001 to RM800,000 | 1 | From RM900,001 to RM950,000 | 1 | From RM1,000,001 to RM1,200,000 | 2 | From RM1,200,001 to RM1,300,000 | 1 | Total | 5 |
| Top Five Senior Management (not including Managing Director) | Number of persons | | | | | | | | | | | | | |
| From RM750,001 to RM800,000 | 1 | | | | | | | | | | | | | |
| From RM900,001 to RM950,000 | 1 | | | | | | | | | | | | | |
| From RM1,000,001 to RM1,200,000 | 2 | | | | | | | | | | | | | |
| From RM1,200,001 to RM1,300,000 | 1 | | | | | | | | | | | | | |
| Total | 5 | | | | | | | | | | | | | |

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

| | | | |
|------------------|---|---|--|
| Measure | : | <p>The Company will provide detailed disclosure of Senior Management’s remuneration if the requirement is made mandatory under MMLR.</p> <p>The current disclosure on an aggregate basis already allows stakeholders to establish the nexus between remuneration and value creation of the Group.</p> | |
| Timeframe | : | Others | <p>Within a prescribed period when the requirement is made mandatory under MMLR.</p> |

| 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.

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

| 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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Chairman of the Board during the year under review is Dato' Sri Mohammed Shazalli Ramly. Whereas, the Audit Committee Chairman during the year under review are as follows:</p> <ol style="list-style-type: none">1) Encik Zainal Abidin Shariff Independent Non-Executive Director <i>(Appointed with effect from 6 April 2021 and resigned with effect from 26 August 2021)</i>2) Cik Sarah Azreen Abdul Samat Independent Non-Executive Director <i>(Appointed with effect from 30 August 2021)</i> <p>As such, the Chairman of the Audit Committee is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee assumed by different individuals allows the Board to objectively review the Audit Committee's findings and recommendations.</p> <p>The possession of sound financial understanding and experience equips the Chairman of the Audit Committee with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the Audit and Compliance Committee. Cik Sarah Azreen Abdul Samat full profile can be viewed on page 97 of the Company's Integrated Report 2021.</p> <p>The duties and responsibilities of the Chairman of the Audit Committee are outlined in the Terms of Reference of the Audit Committee, which is available on the Group's website, http://www.pharmaniaga.com.</p> |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

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| Timeframe | : | | |
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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.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>There are four (4) Audit Committee members, all of whom are Independent Non-Executive Directors. At present, none of the Audit Committee members were former key audit partners of the Company’s external auditors.</p> <p>As a measure to safeguard the independence and objectivity of the audit process, the Audit Committee has incorporated a policy stipulation 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> |
| Explanation for departure | : | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

There is 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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <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 ended 31 December 2021, the Audit Committee met with the external auditor namely, Messrs. PricewaterhouseCoopers PLT (PwC), twice during the year in the absence of Management. The Audit Committee has also monitored and reviewed the performance and independence of PwC and was satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered met the quality expected by the Committee.</p> <p>For the audit of the financial year ended 31 December 2021, the Audit Committee was further assured by PwC by way of written confirmation that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the Audit Committee made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees.</p> |
| Explanation for departure | : | |
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

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| Measure : | | |
| Timeframe : | | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

| | | |
|--|---|-------------|
| Application | : | Not Adopted |
| Explanation on adoption of the practice | : | |

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>During the year under review, the composition of Audit Committee are as follows:</p> <ol style="list-style-type: none">1) Cik Sarah Azreen Abdul Samat (Independent Non-Executive Director and Chairman of the Audit Committee)2) Encik Zulkifli Jafar (Independent Non-Executive Director)3) Dr. Abdul Razak Ahmad (Independent Non-Executive Director)4) Encik Izaddeen Daud (Non-Independent Non-Executive Director) <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 and Encik Izaddeen Daud 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 129 of the Company's Integrated Report 2021.</p> <p>During the Audit Committee Meetings, the members were briefed by the external auditor, Messrs. PricewaterhouseCoopers on the following key areas:</p> <ul style="list-style-type: none">• Financial Reporting developments;• Malaysian Financial Reporting Standards;• Malaysian Code on Corporate Governance; and• Other changes in regulatory environment. |

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

Intended Outcome

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

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

Practice 10.1

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <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 132 to page 139 of the Company's Integrated Report 2021.</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> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.2

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

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>Risk assessment, monitoring and review of the various risks faced by the Group are continuous processes within the key operating units, with the Risk Management Committee (a Management level Committee) 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 Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively.</p> <p>Further details are contained in the Statement of Risk Management and Internal Control which is on page 132 to page 139 of the Company's Integrated Report 2021.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 10.3 - Step Up

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

| | | |
|--|---|---|
| Application | : | Adopted |
| Explanation on adoption of the practice | : | <p>The Company has established Board Risk Management Committee 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>During the year under review, the composition of the Board Risk Management Committee are as follows:</p> <ol style="list-style-type: none">1) Dato' Dr. Najmil Faiz Mohamed Aris (Independent Non-Executive Director and Chairman of Board Risk Management Committee)2) Encik Zulkifli Jafar (Independent Non-Executive Director)3) Cik Sarah Azreen Abdul Samat (Independent Non-Executive Director) |

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.

| | | |
|--|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The internal audit function of Pharmaniaga is carried out by the Group Internal Audit (GIA) of Boustead Holdings Berhad (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> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

Practice 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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>The Internal Audit Charter states that Group Internal Audit (GIA) personnel shall have 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, along with other internal audit personnel, are free from any family relationship with any Directors and/or major shareholder and do not have any 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 twenty-six (26) internal auditors from GIA has been assigned to undertake the internal audit function of the Company during the year. The number of resources in GIA is reviewed by the Audit Committee on a quarterly basis to ensure 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 2021 was approximately RM304,610.00.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |
| Timeframe | : | |

Intended Outcome

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

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

Practice 12.1

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

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <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 Annual 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 maintain continuous communication and engagement with analysts, institutional shareholders and investors. Interested parties may contact the Investor Relations function at noraini.aliyani@pharmaniaga.com 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 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 are also present to handle other inquiries from the shareholders.</p> |

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

Intended Outcome

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

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

Practice 12.2

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

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|--|--|
| Application : | Adopted |
| Explanation on application of the practice : | <p>As part of Reinventing Pharmaniaga Berhad (Pharmaniaga), the Company has embarked on a journey to 'reinvent' our reporting process. Beginning 2021, Pharmaniaga will be presenting our financial and non-financial performance in an integrated reporting format which enable the Company to provide greater clarity on what we do, our values, strategies and the risk and opportunities faced in achieving the Company's goals.</p> <p>The report has been guided by the following principles and requirements:</p> <ul style="list-style-type: none">• International Integrated Reporting Framework issued by the International Integrated Reporting Council• Main Market Listing Requirements of Bursa Malaysia Berhad• Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia• Companies Act 2016• Malaysian Financial Reporting Standards• International Financial Reporting Standards <p>The Sustainability Statement meanwhile, has been guided by the following principles:</p> <ul style="list-style-type: none">• Main Market Listing Requirements of Bursa Malaysia Berhad |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |

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| Timeframe | : | | |
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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.

| | | |
|--|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <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 23rd AGM in 2021 was provided to shareholders on 24 May 2021, at least twenty-one (21) days before the meeting, which was held on 16 June 2021. The Board is of the opinion that the notice period, which complies with the provision of the Main Market Listing Requirements which call for a 21-days' notice period for public companies or listed issuers respectively, provides sufficient time for the shareholders to make the necessary arrangements to attend the meeting.</p> |
| Explanation for departure | : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | The Notice for the 24 th AGM in 2022 will be provided to shareholders at least 28 days before the meeting. |
| Timeframe | : | 2022 |

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.

| Application | : | Applied | | | | | | | | | | | | |
|---|-----------------------------------|---|------------------|----------|-----------------|------------------------------|---------------------------------------|----------------------|---------------------------------|-----------------------------------|--------------------------|-----------------------|-------------------------|--------|
| Explanation on application of the practice | : | <p>The Board acknowledges its responsibility to engage with shareholders and provide meaningful responses to their questions. In demonstrating this commitment to shareholders, most of the Directors have attended the previous AGM except Cik Sarah Azreen Abdul Samat who were appointed on 20 August 2020. This is aided by ensuring any general meeting is scheduled in advance to ensure full attendance.</p> <p>The Chairmen of the Board Committees of the Company during the year under review are as follows:</p> <table border="1"> <thead> <tr> <th>Board Committees</th> <th>Chairman</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>Cik Sarah Azreen Abdul Samat</td> </tr> <tr> <td>Nominating and Remuneration Committee</td> <td>Dr Abdul Razak Ahmad</td> </tr> <tr> <td>Board Risk Management Committee</td> <td>Dato' Dr Najmil Faiz Mohamed Aris</td> </tr> <tr> <td>Sustainability Committee</td> <td>Datuk Dr. Azhar Ahmad</td> </tr> <tr> <td>Board Tender Committee*</td> <td>Vacant</td> </tr> </tbody> </table> <p><i>*Encik Zulkifli Jafar was the Chairman of the Board Tender Committee. He has resigned on 1 March 2021 following his appointment as Group Executive Director of the Company. New Chairman for Board Tender Committee will be appointed soon.</i></p> | Board Committees | Chairman | Audit Committee | Cik Sarah Azreen Abdul Samat | Nominating and Remuneration Committee | Dr Abdul Razak Ahmad | Board Risk Management Committee | Dato' Dr Najmil Faiz Mohamed Aris | Sustainability Committee | Datuk Dr. Azhar Ahmad | Board Tender Committee* | Vacant |
| Board Committees | Chairman | | | | | | | | | | | | | |
| Audit Committee | Cik Sarah Azreen Abdul Samat | | | | | | | | | | | | | |
| Nominating and Remuneration Committee | Dr Abdul Razak Ahmad | | | | | | | | | | | | | |
| Board Risk Management Committee | Dato' Dr Najmil Faiz Mohamed Aris | | | | | | | | | | | | | |
| Sustainability Committee | Datuk Dr. Azhar Ahmad | | | | | | | | | | | | | |
| Board Tender Committee* | Vacant | | | | | | | | | | | | | |
| Explanation for departure | : | | | | | | | | | | | | | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | | | | | | | | | | | | | |
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| Timeframe | : | | |
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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 13.3

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.

| | | |
|---|---|---|
| Application | : | Applied |
| Explanation on application of the practice | : | <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">1) Integrated Report 2021 together with Circular to Shareholders.2) E-Lodgment of proxy form by shareholders for Pharmaniaga's 24th AGM. <p>The Company, at its 23rd AGM held on 16 June 2021 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 & Issuing House Services Sdn Bhd ("Tricor") was appointed as Poll Administrator to conduct the polling process, and Asia Securities Sdn Bhd as independent scrutineer to verify the poll results.</p> <p>The Company had conducted a fully virtual 23rd AGM on 16 June 2021 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.</p> <p>Pharmaniaga will also enable remote shareholders' participation and online remote voting at the 24th AGM to be held on 13 June 2022 by leveraging on technology in accordance with Section 327 (1) and (2) of the Companies Act 2016. Shareholders who attend the 24th AGM via remote participation are encouraged to submit their questions to the</p> |

| | | |
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| | Board in advance via Tricor’s TIIH Online, in order to enhance the efficiency of the proceedings of the 24 th AGM. | |
| Explanation for departure : | | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure : | | |
| Timeframe : | | |

Intended Outcome

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

Practice 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.

| | | |
|---|---|--|
| Application | : | Applied |
| Explanation on application of the practice | : | <p>At the fully virtual 23rd Annual General Meeting (AGM) of the Company held on 16 June 2021, 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 the meeting remotely were provided to the shareholders in the Administrative Notes of the AGM which were sent through email and and/or by ordinary post and the same were also published in the Company's website. At the 23rd AGM, a total of 583 shareholders and proxies logged in through the RPV, which represented a total of 173,122,219 shares.</p> <p>The Chairman of the Board, Managing Director ("MD"), Deputy Managing Director, Chief Financial Officer ("CFO") and the Company Secretary attended physically at the Broadcast venue whereas other Board Members, Senior Management, 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 MD and CFO 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 23rd AGM proceeding went smoothly with the choice of RPV facilities.</p> |
| Explanation for departure | : | |

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

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| Measure | : | | |
| Timeframe | : | | |

Intended Outcome

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

Practice 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.

| | | |
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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The 23rd Annual General Meeting (“AGM”) of the Company was successfully conducted by way of live streaming from the Broadcast venue o 16 June 2022 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 & 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 https://tjih.online. Questions received prior to the meeting were presented during the Q&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> |
| Explanation for departure | : | |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | | |
| Measure | : | |

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| Timeframe | : | | |
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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.

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| <i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i> | |
| Application : | Applied |
| Explanation on application of the practice : | The Company has made available the Minutes of the 23 rd AGM on the Company's website. |
| Explanation for departure : | |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> | |
| Measure : | |
| Timeframe : | |

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

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

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