

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6068
COMPANY NAME : PCCS Group Berhad
FINANCIAL YEAR : March 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the leadership, oversight and the long-term success of the Group. The Board has delegated certain responsibilities to other Board Committees, which operate within clearly defined terms of reference (“TOR”). Standing committees of the Board include the Audit Committee, Nomination Committee and Remuneration Committee. The Board receives reports at the Board Meeting from the Chairman of each committee on current activities and it is the general policy of the Company that all major decisions be considered by the Board as whole. To ensure the effective discharge of functions and duties, the primary responsibilities of the Board include (but are not limited to) the following: -</p> <p>(a) Together with senior management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.</p> <p>The Board committed to ensure the highest standards of corporate governance within the Group and continuously strives to improve its governance process and structure aimed at enhancing long-term shareholder value.</p> <p>The Company adopted a Code of Conduct and Ethics which applies to all Directors, management and employees of the Group in order to practice high ethical standards in maintaining a favourable and harmonious employee relation and industrial relation.</p> <p>In addition, the Company enforces zero tolerance towards all forms of bribery and corruption among its employees and is applied to all the Group's dealings. In line with this commitment, the Board has adopted the Anti-Bribery and Anti-Corruption Policy to ensure compliance with the applicable anti-bribery and anti-corruption laws.</p>

	<p>(b) Review of Management's Proposals</p> <p>It is the practice of the Board to deliberate, review and approve the business proposals and strategic initiatives proposed by the Management.</p> <p>For the financial year ended 31 March 2023 and up to 28 July 2023, the Management has presented to the Board the following proposals and strategic initiatives and the Board has reviewed and deliberated the same: -</p> <p>(i) <u>Proposed Renewal Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature</u></p> <p>The proposal on renewal of Shareholders' Mandate for Recurrent Related Party Transactions granted by the shareholders at the Twenty-Sixth Annual General Meeting held on 24 August 2020 was tabled by the Management to the Board for consideration to enable the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations.</p> <p>Upon review by the Board and deemed appropriate, on 24 June 2022, the Company announced to seek shareholders' approval on the aforesaid proposal at the Twenty-Eighth Annual General Meeting held on 29 August 2022 ("28th AGM"). The shareholders had subsequently approved the aforesaid proposal at the 28th AGM.</p> <p>(ii) <u>Proposed Share Buy-Back of up to 10% of the total number of issued shares in the Company</u></p> <p>The proposal on the authority to purchase the Company's ordinary shares up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements was tabled by the Management to the Board for consideration.</p> <p>Upon review by the Board and deemed appropriate, on 24 June 2022, the Company announced to seek shareholders' approval on the aforesaid proposal at the 28th AGM. The shareholders subsequently approved the aforesaid proposal at the 28th AGM.</p>
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	<p>(iii) <u>Strategic Planning – Employees’ Share Option Scheme (“ESOS”)</u></p> <p>The proposal to offer ESOS options to the eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) to subscribe for the new ordinary shares in the Company under ESOS was tabled by the Management to the Board for consideration.</p> <p>Upon review by the Board and deemed appropriate, the Company announced that the exercise price of ESOS options offered is RM0.385 and the number of ESOS options offered are 1,285,000 units on 20 June 2022.</p> <p>(iv) <u>Subscription of additional 15% equity interest in Southern Auto Capital Sdn. Bhd.</u></p> <p>The Company had on 13 June 2023 completed the subscription of the additional 18,800,000 ordinary shares, representing an additional 15% equity interest in the capital of Southern Auto Capital Sdn. Bhd., a subsidiary of the Company, at a total consideration of RM18,000,000.00.</p> <p>The Company had entitled to receive the bonus issue of 800,000 new ordinary shares in Southern Auto Capital Sdn. Bhd. and had subscribed for additional 18,000,000 ordinary shares by way of capitalisation of the amount owing by Southern Auto Capital Sdn. Bhd. to the Company at a total consideration of RM18,000,000.00.</p> <p>In consequence thereof, the Company’s shareholding in Southern Auto Capital Sdn. Bhd. has increased from 4,000,000 ordinary shares to 22,800,000 ordinary shares which represent 95% of the total issued share capital of Southern Auto Capital Sdn. Bhd.</p> <p>(c) <u>Framework of Internal Controls and Risk Management</u></p> <p>The Board had established a risk management framework for the Group to facilitate proper conduct of the Group’s businesses. The Board had also established key control processes to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.</p> <p>The Board has also established a Performance Management Review Team and a Risk Management Working Group to implement the Company’s risk management framework.</p>
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	<p>The key features of the risk management framework and internal control system of the Group are disclosed in the Statement on Risk Management and Internal Control in 2023 Annual Report.</p>
(d)	<p>Identifying principal risks and implementation of appropriate systems to manage risks</p> <p>The Audit Committee has been entrusted by the Board to identify, evaluate, monitor and manage any relevant major risk faced by the Group so that the Group will achieve its business objectives. However, the Board as a whole remains responsible for all the actions of the Audit Committee with regard to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control in the 2023 Annual Report.</p>
(e)	<p>Succession planning</p> <p>The Board, through the Nomination Committee, is responsible for the succession planning of the Directors and senior management of the Company and Group.</p> <p>The Board has adopted the Succession Planning Policy for the Group to ensure the Group's continuity in leadership for all key positions.</p> <p>The Board recognises that succession planning is an ongoing process designed to ensure that the Group identifies and develops a talent pool of employees through mentoring, training and job rotation for high level management positions that become vacant due to retirement, resignation, death or disability and/or new business opportunities.</p> <p>As part of the agenda item of "To discuss the report on the Group's latest business development", the Corporate Controller and Group Managing Director briefed the Board on the Group Human Resources updates, in particular, the impending appointments and/or resignations/retirements of senior management staff, including overseas subsidiaries, to ensure all succession issue in respect to any vacant of senior management positions be addressed in the financial year ended 31 March 2023.</p> <p>A copy of the Succession Planning Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</p>
(f)	<p>Procedures for effective communication with stakeholders</p>

	<p>The Board is aware of commitment to enhancing long-term shareholders' value through regular communications with all its stakeholders.</p> <p>In ensuring the effective communication with the Company's shareholders and stakeholders, the Board has adopted a Corporate Disclosure Policy to ensure that confidential information is handled properly by the Directors, employees and relevant parties to avoid improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately to Bursa Malaysia Securities Berhad.</p> <p>(g) Integrity of the Company's financial statements</p> <p>The Board ensures that shareholders are presented with a quality, clear, balanced, meaningful assessment of the Company's financial performance and prospects through the issuance of the audited financial statements and quarterly announcements of financial results and vide corporate announcements on significant development in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on a timely basis and in compliance with the applicable financial reporting standards and corporate law.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Mr. Chan Choo Sing had on 26 May 2023 resigned as the Group Executive Chairman and he was succeeded by Mr. Piong Yew Peng, who was re-designated as Senior Independent Non-Executive Chairman on 26 May 2023.</p> <p>The key responsibilities as a Chairman, include but no limited to the following:-</p> <ul style="list-style-type: none">• Providing leadership to the Board so that the Board can perform its responsibilities effectively;• Leading the Board in the adoption and implementation of good corporate governance practices in the Company;• Setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;• Leading Board meetings and discussions to ensure robust decision making;• Encouraging active participation and allowing dissenting views to be freely expressed;• Managing the interface between Board and Management; and• Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole. <p>The leadership of Mr. Piong Yew Peng as the Senior Independent Non-Executive Chairman of the Company was acknowledged and verified by the good ratings received via the Self and Board Performance Evaluation for the financial year ended 31 March 2023 and his profile is set out in the Directors' Profile of the 2023 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The separation of positions of the role of Chairman and Group Managing Director ("Group MD") facilitates the division of responsibilities between them.</p> <p>Mr. Chan Choo Sing had on 26 May 2023 resigned as the Group Executive Chairman and he was succeeded by Mr. Piong Yew Peng, who was re-designated as Senior Independent Non-Executive Chairman on 26 May 2023.</p> <p>The current Senior Independent Non-Executive Chairman is Mr. Piong Yew Peng and CEO role is assumed by Mr. Chan Wee Kiang, the Group MD. Their profiles are set out in the Directors' Profile of the 2023 Annual Report.</p> <p>The Chairman of the Board is primarily responsible for instilling good corporate governance practices, leadership and effectiveness of the Board whilst the Group MD, together with the Executive Director, oversees the day-to-day management and operations of the Group and implementation of the Board's decisions, business strategies and policies. The positions of Chairman and Group MD are held by different individuals and their role and responsibilities are distinct and clearly outlined in the Board Charter.</p> <p>A full copy of the Board Charter is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</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

<i>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'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Mr. Chan Choo Sing is not a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company and the composition of these Board Committees comprise majority of Independent Non-Executive Directors.</p> <p>Mr. Chan Choo Sing had on 26 May 2023 resigned as the Group Executive Chairman and he was succeeded by Mr. Piong Yew Peng, who was re-designated as Senior Independent Non-Executive Chairman on 26 May 2023.</p> <p>Mr. Piong Yew Peng is not a member of the Audit Committee, Nomination Committee and Remuneration Committee.</p> <p>Mr. Chan Choo Sing was invited to provide inputs and insights for the matters discussed, i.e. quarterly result as well as internal audit reports. However, Mr. Chan Choo Sing did not participate in the decision-making of the resolutions, proposals and matters tabled for approval in the meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) qualified and competent Company Secretaries namely Ms. Chua Siew Chuan, FCIS and Mr. Cheng Chia Ping, ACIS. The Board is satisfied with the support rendered by the Company Secretaries to the Board in the discharge of its roles and responsibility for the financial year ended 31 March 2023. The Company Secretaries play an advisory role to the Board on the Company's contribution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.</p> <p>The primary responsibilities of the Company Secretaries, include but are not limited to the following: -</p> <ol style="list-style-type: none">1. Manage all Board and committee meeting logistics, attend and record minutes of all Board and committee meetings and facilitate Board communications;2. Advise the Board on its roles and responsibilities;3. Facilitate the orientation of new Directors and assist in Director training and development;4. Advise the Board on corporate disclosures and compliance with Company and securities regulations and Main Market Listing Requirements;5. Manage processes pertaining to the annual shareholder meeting;6. Monitor corporate governance developments and assist the Board in applying corporate governance practices to meet the Board's needs and stakeholders' expectations;7. Serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and8. Carry out other functions as deemed appropriate by the Board from time to time.
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 1.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>For financial year ended 31 March 2023, an annual calendar of Board Meetings and Committee meetings and the Annual General Meeting is circulated and confirmed by the Board in advance in order to facilitate planning by the Directors and Management.</p> <p>The Board had met five (5) times in financial year ended 31 March 2023. During the financial year ended 31 March 2023, each notice calling the Board Meeting is issued at least seven (7) days in advance of the meeting and the Directors are provided at least five (5) business days in advance of the meeting with the relevant agenda detailing the matters to be transacted at the meeting and the Board papers detailing the key issues so that the Directors have ample time to review and consider the relevant information.</p> <p>Subsequent to the meeting, the Minutes will be circulated to the Board and Board Committee for confirmation to ensure that deliberations and decisions are accurately recorded.</p> <p>The Company Secretaries would ensure that a statement of declaration of interest or abstention from voting and deliberation is recorded in the Minutes.</p> <p>The Board and Board Committee's Chairman of the meeting signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book of the Company to be made available for inspection under the Companies Act 2016.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company was established on 31 July 2014 and subsequently revised on 28 June 2022 to ensure compliance with the Malaysian Code on Corporate Governance 2021 revised as at 28 April 2021. In the course of establishing a Board Charter, the Board recognises the importance to set out the key values and principles of the Company, as policies and strategy development are based on these considerations.</p> <p>The Board Charter includes the division of responsibilities and powers between the Board and Management as well as the different Committees established by the Board.</p> <p>The Board Charter acts as a source of reference for Board members and Management, and the same is accessible to the public on the Company's corporate website. The Board Charter entails the following:-</p> <ul style="list-style-type: none"> • Board Governance Process • Role of the Board and Board Committees • Board-Management Relationship • Board-Shareholders Relationship • Stakeholders Relationship • Commitment on Corporate Governance <p>The Board Charter is to be regularly reviewed by the Board as and when required.</p> <p>Roles of Senior Independent Non-Executive Director</p> <p>Mr. Julian Lim Wee Liang had on 26 May 2023 resigned as the Senior Independent Non-Executive Director of the Company on 26 May 2023 and he was succeeded by Mr. Piong Yew Peng, who was re-designated as Senior Independent Non-Executive Chairman. The roles of the Senior Independent Non- Executive Chairman as entail in the Board Charter, include but not limited to the following: -</p>

	<ul style="list-style-type: none"> • A sounding board for the Chairman; • An intermediary for other Directors when necessary; and • The point of contact for shareholders and other stakeholders. <p>A full copy of the Board Charter is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place a Group's Code of Conduct and Ethics ("COC") which is revised on 28 November 2018, is applicable to the Board, the Management and the employees of the Group. In the course of establishing the COC, the Board recognises the importance to promote and reinforce ethical standards throughout the Group. Moving forward, the Company will continuously support, promote and ensure compliance to the COC. Furthermore, the Company strive to ensure that the consultants, agents, partners, representatives and others performing works or services for or on behalf of the Group comply with the COC.</p> <p>The guiding principles of the COC are as follows: -</p> <ul style="list-style-type: none">• Human Rights• Workplace Health and Safety• Protection of Privacy• Conflict of Interest• Anti-Corruption• Insider Trading• Anti-Money Laundering <p>In addition to the above, the Group had on 1 June 2020 adopted the Anti-Bribery and Anti-Corruption Policy ("ABAC Policy"). The ABAC Policy was to enforce the Group's zero tolerance position on bribery of all forms, matters of corruption and inappropriate conduct that might affect the Group legally. This ensures the Group's continuous compliance with Corporate Liability provisions under Section 17A of Malaysian Anti-Corruption Commission Act 2009.</p> <p>The Group has established Whistle Blowing Policy on 27 May 2016 and subsequently revised on 26 May 2023. The Whistle Blowing Policy provide an avenue for all employees and member of the public to disclose any improper conduct or any action that is or could be harmful</p>

	<p>to the reputation of the Group and/or compromise the interest of stakeholders. Further details are enumerated in Practice 3.2 in this Report.</p> <p>The COC, ABAC Policy and Whistle Blowing Policy are to be regularly reviewed by the Board as and when required.</p> <p>A copy of the COC, ABAC Policy and Whistle Blowing Policy are available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Whistleblowing is a specific means by which an employee/officer or stakeholder can report or disclose through the established channels, concerns about any violation of the COC, corruption, bribery, unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place/may take place in future.</p> <p>The Board had on 27 May 2016 established a Whistle Blowing Policy and subsequently revised on 26 May 2023 with the following objectives: -</p> <ul style="list-style-type: none">(a) Provide an avenue for all employees and member of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders;(b) Provide proper internal reporting channel to disclose any improper or unlawful conduct in accordance with the procedures as provided for under Whistle Blowing Policy;(c) Address a disclosure in an appropriate and timely manner;(d) Provide protection for the whistleblower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality; and(e) Treat both the whistleblower and the alleged wrongdoer fairly. <p>A copy of the Whistle Blowing Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</p> <p>For the financial year ended 31 March 2023, the Company has not received any complaint under this procedure.</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 4.1

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.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with strengthening sustainability and providing more comprehensive and strategic oversight of the Group's economic, environmental, social and governance ("ESG") matter, the Group has established sustainability governance structure comprises with the Sustainability Working Group ("SWG"), Executive Directors and the Board of Directors which shall be responsible to instill sustainability at the core of the business within the Group.</p> <p>The Board of Directors has oversight responsibility of sustainability matters within the Group while the Executive Directors shall recommend strategies, policies and initiatives that support the sustainable development of the Group, report on the progress of these measures to the Board and provide oversight on the execution of sustainability measures by the SWG. SWG is responsible in tracking and collating sustainability performance data for monitoring and reporting process.</p> <p>The Group's mission on sustainability is supported by the Group's core values: Passion, Care, Commitment and Sustainability. The Group is committed to progressively transforming the future by implementing initiatives to manage the Group business's economic, social, governance and environmental aspects.</p> <p>The Board has also in place a Sustainability Policy on 31 March 2021 and subsequently revised on 31 March 2023 to embed sustainability throughout day-to-day operations and align sustainable strategies with the Company's vision, mission and core values.</p> <p>A copy of the Sustainability Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</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 4.2

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.

Application	:	Applied														
Explanation on application of the practice	:	<p>PCCS Group Berhad values stakeholders’ input and is committed to engaging in constructive and meaningful dialogue with the stakeholders. Open communication channels allow the Company to maintain trust, leverage their expertise and gain insights on pressing issues.</p> <p>The Group have maintained regular engagement with six (6) stakeholder groups that have the most influence and are most affected by the Group business operations. The engagement platforms with the Group’s stakeholders are provided in the table below: -</p> <table><tr><th>Stakeholders</th><th>Engagement Methods</th></tr><tr><td>Customers</td><td><ul style="list-style-type: none">• Customer satisfaction surveys• Face-to-face meetings and on-site visits• Plant tours</td></tr><tr><td>Employees</td><td><ul style="list-style-type: none">• Emails, noticeboards, employee engagement activities• Meetings and training• Performance reviews</td></tr><tr><td>Shareholders and Investors</td><td><ul style="list-style-type: none">• Reports and announcements• Annual General Meetings• Corporate website</td></tr><tr><td>Government and Regulatory Authorities</td><td><ul style="list-style-type: none">• Inspections• Reports• Compliance checks</td></tr><tr><td>Suppliers</td><td><ul style="list-style-type: none">• Open tendering• Suppliers’ satisfactory assessment• Face-to-face meetings and on-site visits• Industry seminars</td></tr><tr><td>Local Community</td><td><ul style="list-style-type: none">• Responses to enquiries• Public welfare activities</td></tr></table> <p>Details pertaining to commitment to the stakeholders are available in Sustainability Statement for the financial year ended 31 March 2023.</p>	Stakeholders	Engagement Methods	Customers	<ul style="list-style-type: none">• Customer satisfaction surveys• Face-to-face meetings and on-site visits• Plant tours	Employees	<ul style="list-style-type: none">• Emails, noticeboards, employee engagement activities• Meetings and training• Performance reviews	Shareholders and Investors	<ul style="list-style-type: none">• Reports and announcements• Annual General Meetings• Corporate website	Government and Regulatory Authorities	<ul style="list-style-type: none">• Inspections• Reports• Compliance checks	Suppliers	<ul style="list-style-type: none">• Open tendering• Suppliers’ satisfactory assessment• Face-to-face meetings and on-site visits• Industry seminars	Local Community	<ul style="list-style-type: none">• Responses to enquiries• Public welfare activities
Stakeholders	Engagement Methods															
Customers	<ul style="list-style-type: none">• Customer satisfaction surveys• Face-to-face meetings and on-site visits• Plant tours															
Employees	<ul style="list-style-type: none">• Emails, noticeboards, employee engagement activities• Meetings and training• Performance reviews															
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Local Community	<ul style="list-style-type: none">• Responses to enquiries• Public welfare activities															
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 4.3

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board, through the Nomination Committee, assesses the training programmes attended by each Director during the financial year ended 31 March 2023 to ensure they are kept abreast of the latest developments in industry, as well as emerging sustainability issues that are relevant to the Group.</p> <p>The key sustainability training programme(s) attended by each Director in the financial year ended 31 March 2023 are available in the 2023 Annual Report.</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 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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	During financial year ended 31 March 2023, the Company has enhanced its Board and Board Committees performance evaluation form by including questionnaires on environmental, social and governance ("ESG") issues.	
		However, the performance evaluation of senior management of the Group has yet to adopt such sustainability criteria.	
		The Company will work on including sustainability related Key Performance Indicators for senior management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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	:	Mr. Tang Lai Huat, the Corporate Controller of the Company, is appointed as the designation person to provide dedicated focus to manage sustainability strategically in the operations of the Company.

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 Nomination Committee ("NC") take cognisance on the importance of having the right group of people, with an appropriate mix of skills, knowledge and experience and independence elements that fit the Company's objectives and strategic goals. The NC reviews the size and the composition of the Board in respect of the mix of skills and independence annually.</p> <p>The NC is also responsible for recommending to the Board, Directors who are standing for re-election at the Annual General Meeting, subject to the NC being satisfied with the performance of the Directors based on the self performance evaluation.</p> <p>Based on the results of the performance evaluations, the Board considered that the performance of Mr. Chan Chor Ang, Mr. Piong Yew Peng and Ms. Goh Wen Ling (each referred to as "retiring Director") to be effective. The retiring Directors were able to meet the Board's expectation in terms of experience, expertise, integrity, competency, participation and contribution. Each retiring Director demonstrates commitment to the role and has sufficient time to meet his commitment to the Company. The retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the meetings of the Board and NC, where relevant.</p> <p>The Board Charter has clearly stated that the tenure of an Independent Director ("ID") is limited to nine (9) years and he/she may continue to serve on Board subject to redesignation as Non-Independent Director.</p> <p>If the Board wishes to retain the ID after serving for a cumulative period of nine (9) years, justifications from the Board on ID's independence status and shareholders' approval at the Annual General Meeting through a two-tier voting process as recommend by Malaysian Code on Corporate Governance 2021 as required.</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently consists of eight (8) members, comprising one (1) Senior Independent Non-Executive Chairman, one (1) Group Managing Director, one (1) Executive Director, three (3) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors.</p> <p>The Board takes note of the requirement of at least half of the Board comprises Independent Non-Executive Directors and would continue to source and identify suitable candidates to be appointed as the Independent Non-Executive Directors of the Company.</p> <p>The Board is of the view that the current Board composition is able to reflect the interest of minority shareholders of the Company fairly through the Board's representation based on the size of operation of the Company. The Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interests of the Company.</p> <p>Nevertheless, the Company has complied with Paragraph 15.02(1) of Main Market Listing Requirements Bursa Malaysia Securities Berhad, one-third (1/3) of the Board members are Independent Non-Executive Directors.</p>
		<p>Alternate Practice: -</p> <p>The Board undertakes the decision of the Board shall always be agreed upon by at least majority of the Independent Directors present at the Meeting, therefore, no individual Director can dominate the decision-making of the Board.</p> <p>The Board would take into consideration the potential appointment of additional Independent Non-Executive Director in the near future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 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	:	Applied
Explanation on application of the practice	:	<p>Mr. Julian Lim Wee Liang ("Mr. Julian") who was appointed as Independent Director of the Company on 14 November 2011, has served as an Independent Non-Executive Director of the Company for a cumulative term of more than eleven (11) years.</p> <p>At the Twenty-Eighth Annual General Meeting of the Company, the shareholders had approved the retention of Mr. Julian as Independent Director through a two-tier voting process.</p> <p>Subsequently, Mr. Julian had resigned as the Senior Independent Non-Executive Director of the Company on 26 May 2023.</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 5.4 - Step Up

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

<i>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.</i>	
Application	: Not Adopted
Explanation on adoption of the practice	:

Intended Outcome

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

Practice 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><u>Appointment of Directors</u></p> <p>The appointment of Directors is under the purview of the Nomination Committee, which is to assist the Board on all new Board and Board Committees' appointments and to provide a formal and transparent procedure for such appointments including obtaining a commitment from the candidate that sufficient time will be devoted to carry out the responsibilities as a Director.</p> <p>The policies and procedures for recruitment and appointment of Directors are set out in the Board Charter. The Board had on 28 June 2022 adopted a Fit and Proper Policy which set out the fit and proper criteria for the appointment and re-election of the Board of the Company and its subsidiaries. The policy also to ensure each of the Directors has the character, integrity, experience, competence and time and commitment to effectively discharge his/her role as a Director of the Company and its subsidiaries.</p> <p>Pursuant to the Terms of Reference of Nomination Committee, the Nomination Committee is tasked to identify and select potential new Directors and to make recommendations to the Board for the appointment of Directors.</p> <p>The Nomination Committee reviews candidates for appointment as Directors based on the following criteria: -</p> <ul style="list-style-type: none">• qualifications;• skills and competence;• functional knowledge;• experience;• background and character;• integrity and professionalism;• time commitment and mobility; and

	<ul style="list-style-type: none"> • in the case of candidates for the position of Independent Non-Executive Directors, whether the test of independence under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is satisfied. <p>In its review of the potential candidates, the Nomination Committee also considered the following additional criteria: -</p> <ul style="list-style-type: none"> • Prevailing government policies such as gender diversity; • Overall composition of the Board; • Board dynamics; • The combination of skills possessed by existing Directors to ensure the selected candidate would help close any possible gaps in the Board; and • Financial health of the Group. <p>As part of its evaluation procedures, representative(s) of the Nomination Committee will conduct an informal interview with the potential candidate(s). Upon review, the Nomination Committee shall make its recommendations to the Board of Directors for consideration and approval.</p> <p>During the financial year ended 31 March 2023, the Nomination Committee has evaluated and satisfied that Ms. Goh Wen Ling has fulfilled the fit and proper criteria as set out in the Directors' Fit and Proper Policy and recommended her proposed appointment as Independent Non-Executive Director to the Board. The Board has subsequently approved the appointment of Ms. Goh Wen Ling as Independent Non-Executive Director to the Board of the Company with effect from 1 September 2022.</p> <p><u>Appointments to Board Committees</u></p> <p>The review is conducted on an annual basis, and as and when the need arises, such as when a new Director is appointed. In determining the candidates for appointment to the Board Committees, various factors are considered by the Nomination Committee, including but not limited to the following factors: -</p> <ul style="list-style-type: none"> • the needs of the particular Board Committees; • the results of the Board Effectiveness Evaluation for the Board Committees; • time commitment and availability; • regulatory requirements; and • best practices or governance practices. <p>Following the assessment and recommendation by the Nomination Committee, the changes of Board Committees during FY2023 and up to 28 July 2023 were as follows:-</p> <p><u>Nomination Committee</u></p>
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	<ul style="list-style-type: none"> • Mr. Julian was re-designated from Chairman of Nomination Committee to Member of Nomination Committee on 23 May 2022; • Mr. Piong Yew Peng was re-designated from Member of Nomination Committee to Chairman of Nomination Committee on 23 May 2022; • Mr. Chan Choo Sing was resigned as Member of Nomination Committee on 23 May 2022; • Ms. Goh Wen Ling was appointed as Member of Nomination Committee on 1 September 2022; • Mr. Julian resigned as Member of Nomination Committee on 1 September 2022; • Ms. Joyce Wong Ai May was appointed as Chairperson of the Nomination Committee on 26 May 2023; and • Mr. Piong Yew Peng resigned as Chairman of Nomination Committee on 26 May 2023. <p><u>Audit Committee</u></p> <ul style="list-style-type: none"> • Ms. Joyce Wong Ai May was appointed as Member of Audit Committee on 23 May 2022; • Dato' Chan Chor Ngiak resigned as Member of Audit Committee on 23 May 2022; • Ms. Goh Wen Ling was appointed as Member of Audit Committee on 26 May 2023; • Mr. Piong Yew Peng and Mr. Julian resigned as Chairman and Member of Audit Committee on 26 May 2023; • Ms. Joyce Wong Ai May was re-designated from Member of Audit Committee to Chairperson of Audit Committee on 26 May 2023; and • Dato' Chan Chor Ngiak was appointed as Member of Audit Committee on 26 May 2023. <p><u>Remuneration Committee</u></p> <ul style="list-style-type: none"> • Mr. Julian resigned as Member of Remuneration Committee on 1 September 2022; • Ms. Goh Wen Ling was appointed as Member of Remuneration Committee on 1 September 2022; • Ms. Joyce Wong Ai May was appointed as Member of Remuneration Committee on 26 May 2023; • Ms. Goh Wen Ling was re-designated from Member of Remuneration Committee to Chairperson of Remuneration Committee on 26 May 2023; and • Mr. Piong Yew Peng resigned as Chairman of Remuneration Committee on 26 May 2023. <p><u>Appointments to Senior Management</u></p>
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	The Human Resources Department is responsible for selection and appointment of candidates for senior management position based on selection criteria which best matches the requirements of the open position. The selection criteria includes (but not limited to) diversity in skills, experience, age, cultural background and 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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>In identifying candidates for appointment of Directors, the Nomination Committee will not solely rely on the recommendations from existing Board Members, Management, or major shareholders, but also will utilise various approaches and independent sources to identify suitable candidates.</p> <p>The identification of the Board candidate during financial year ended 31 March 2023, namely Ms. Goh Wen Ling has been facilitated through recommendation from the Management as they would better understanding on the required background, qualification, skills and experience of candidates, prior to the assessment to be conducted by the Nomination Committee.</p> <p>Although the Nomination Committee and the Board did not utilise independent sources with regards to the appointment, the Board's decision was still made objectively in the best interests of the Company taking into account the diverse skills, expertise, experience and perspectives of the current Board members.</p> <p>Notwithstanding the above, the Board will consider utilising independent sources to identify suitably qualified candidate(s) when the need arises in future.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 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 Nomination Committee (“NC”) had reviewed and assessed the eligibility of the Retiring Directors, namely Mr. Chan Chor Ang, Mr. Piong Yew Peng and Ms. Goh Wen Ling (each referred to as “retiring Director”) upon taking into consideration the results of the following annual assessments:-</p> <ul style="list-style-type: none"> (a) Director’s Self and Peer Evaluation; (b) Evaluation of the Board and Board Committees; (c) Independency of the Independent Directors. <p>Having satisfied with the performance of the Retiring Directors, the NC and in turn, the Board has recommended to the shareholders, the re-election of the Retiring Directors at the forthcoming Twenty-Ninth Annual General Meeting.</p> <p>The profile of the Retiring Directors, which include the nature of interest with the Company, if any, are set out in the 2023 Annual Report.</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 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Mr. Piong Yew Peng, the Senior Independent Non-Executive Chairman had on 26 May 2023 relinquished his role as Chairman of the Nomination Committee to Ms. Joyce Wong Ai May, an Independent Non-Executive Director of the Company.</p> <p>For the financial year ended 31 March 2023, the Chairman of the Nomination Committee has led the review of Board's effectiveness and composition via the Board and Board Committee Performance and Self Performance Evaluations, to ensure that the performance of each individual director is independently assessed.</p> <p>The Nomination Committee is governed by its Terms of Reference which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the Nomination Committee as defined in the Terms of Reference.</p> <p>A copy of the Terms of Reference of the Nomination Committee is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</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	:	<p>The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's creativity, efficiency and effectiveness to thrive in good times and weather thought times. However, the Board does not have any gender diversity policy.</p> <p>The Board currently comprises eight (8) Directors, out of whom two (2) are female, which translates to a 25% female representation. The Nomination Committee strives to source for a suitably qualified female candidate for appointment to the Board when vacancies arise.</p> <p>Alternate Practice:-</p> <p>The Nomination Committee does not set any target on gender or ethnicity diversity but endeavour to include any member who will improve the Board's overall composition balance.</p> <p>The Board believes that the Directors with diverse age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy making process.</p> <p>The age profile of the Directors was ranging from forties (40) to sixties (60) years of age, which underlies the Board's commitment to age diversity at the Board level appointment.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board is cognisant of the gender diversity recommended by Malaysian Code on Corporate Governance 2021 and believes that diversity in the Board's composition will bring values to Board deliberation.</p> <p>The Board does not have specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and does not have specific policy on setting target for female candidates in the workplace. The Board is of the view that all candidates shall be given fair and equal treatment.</p>	
		<p>Alternative Practice:-</p> <p>The Board acknowledges the importance of boardroom diversity and views that while promoting boardroom diversity is essential, the normal selection criteria based on competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Stakeholders are able to 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	:	The Nomination Committee conducted the following assessments annually: -										
		<table><tr><th>Evaluation</th><th>Assessment Criteria</th></tr><tr><td>Individual Directors</td><td><ul style="list-style-type: none">• Fit and proper• Contribution and performance• Calibre and personality</td></tr><tr><td>Board and Board Committee</td><td><ul style="list-style-type: none">• Board mix and composition• Quality of information and decision making• Boardroom activities• Board’s relationship with the Management;• environmental, social and governance (“ESG”) issues or Sustainability• Board Committees’ Performance</td></tr><tr><td>Audit Committee</td><td><ul style="list-style-type: none">• Quality and composition• Skills and Competencies• Meeting Administration and Conduct</td></tr><tr><td>Independence of the Independent Directors</td><td>Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad</td></tr></table>	Evaluation	Assessment Criteria	Individual Directors	<ul style="list-style-type: none">• Fit and proper• Contribution and performance• Calibre and personality	Board and Board Committee	<ul style="list-style-type: none">• Board mix and composition• Quality of information and decision making• Boardroom activities• Board’s relationship with the Management;• environmental, social and governance (“ESG”) issues or Sustainability• Board Committees’ Performance	Audit Committee	<ul style="list-style-type: none">• Quality and composition• Skills and Competencies• Meeting Administration and Conduct	Independence of the Independent Directors	Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad
	Evaluation	Assessment Criteria										
	Individual Directors	<ul style="list-style-type: none">• Fit and proper• Contribution and performance• Calibre and personality										
	Board and Board Committee	<ul style="list-style-type: none">• Board mix and composition• Quality of information and decision making• Boardroom activities• Board’s relationship with the Management;• environmental, social and governance (“ESG”) issues or Sustainability• Board Committees’ Performance										
	Audit Committee	<ul style="list-style-type: none">• Quality and composition• Skills and Competencies• Meeting Administration and Conduct										
	Independence of the Independent Directors	Independence criteria in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad										
	For the financial year ended 31 March 2023, the results of the aforesaid evaluations were then collated by the Company Secretaries and tabled to the Nomination Committee for deliberation. Each Director was provided feedback on their contribution to the Board and its Committees. The review supported the Board’s decision to endorse all retiring Directors standing for election. The assessment report together											

	<p>with the report on the Board balance (the required mix of skills, experience and other qualities) were discussed and circulated to the Board.</p> <p>Based on the results and discussion, the Nomination Committee concluded that the Board as a whole, the Board Committees and each individual Director had performed well and effectively and the overall composition of the Board in terms of size, mix of skills, experience, core competencies and the balance between the Executive Directors, Non-Executive Directors and Independent Directors, is appropriate. The Independent Directors had also fulfilled their independent role in corporate accountability through their objective participation in Board deliberations during Board meetings. In addition, the Nomination Committee obtained the annual declaration of independence from the Independent Directors confirming their independent status.</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

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	:	Applied
Explanation on application of the practice	:	<p>The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The full Board determines the remuneration of the Group Managing Director ("Group MD") and Executive Directors.</p> <p>The Board had on 27 May 2016 adopted a Director Remuneration Policy and subsequently revised on 28 June 2022 in compliance with the Practice 7.1 of the Malaysian Code of Corporate Governance 2021 to set the remuneration packages of the Directors and senior management. The compensation system takes into account the performance of the Directors and senior management and the competitive environment in which the Group operates.</p> <p>The objective of the Directors' Remuneration Policy are as follows: -</p> <ul style="list-style-type: none">• Determine the level of remuneration package of Directors and senior management;• Attract, develop and retain high performing and motivated Directors and senior management with a competitive remuneration package;• Provide a remuneration such that the Directors and senior management are paid a remuneration commensurate with the responsibilities of their position; and• Encourage value creation for the Company and its Stakeholders. <p>It is the Board's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors and senior management needed to run the Company successfully. Remuneration package of the Directors will be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his/her individual remuneration.</p>

	<p>During the financial year ended 31 March 2023, the Remuneration Committee was guided by the main components and procedures provided in the Directors' Remuneration Policy in recommending the remuneration package of the Group MD and Executive Director.</p> <p>It is the existing practice of the Company that all the Directors to abstain from deliberation and voting on fixing their remuneration package or Directors' fee at the Remuneration Committee Meeting (where relevant) and the Board of Directors' Meeting.</p> <p>The Directors' Remuneration Policy is to be regularly reviewed by the Board as and when required.</p> <p>A copy of the Directors' Remuneration Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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 Remuneration Committee comprises exclusively of Non-Executive Directors and governed by its Terms of Reference which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the Remuneration Committee as defined in the Terms of Reference, including but not limited to the following: -</p> <ul style="list-style-type: none">• To review and assess the remuneration packages of the Executive Directors in all forms, with or without independent professional advice or other outside advice to reflect the Board's responsibilities, expertise and complexity of the Company's activities.• To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors and senior management needed to run the Company successfully, which takes into consideration the Company's performance in managing material sustainability risks and opportunities.• To structure the component parts of remuneration so as to align with the business strategy and long-term objectives of the Company and to link rewards to individual performance and to assess the needs of the Company for talent at Board level at a particular time.• To ensure that the remuneration and incentives for Independent Directors do not conflict with their obligations to bring objective and independent judgement to the Board.• To develop and administer a fair and transparent procedure for setting policies, strategies and framework for the remuneration of Directors and senior management.• To ensure that remuneration packages are proposed on the basis of the Directors' merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics.

	<ul style="list-style-type: none"> • To recommend to the Board of Directors the remuneration packages of the Executive Directors. • To act in line with the directions of the Board of Directors. • To consider and examine such other matters as the Remuneration Committee considers appropriate. • To review and assess the remuneration packages of the Group's Directors and senior management in all forms, with or without other independent professional advice or other outside advice and to recommend the same to the Board. <p>The Terms of Reference of the Remuneration Committee was revised on 28 June 2022 and a copy of the updated Terms of Reference of the Remuneration Committee is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</p> <p>The following works were undertaken by the Remuneration Committee during the financial year ended 31 March 2023:-</p> <ol style="list-style-type: none"> Reviewed and confirmed the minutes of the Remuneration Committee Meeting held in financial year ended 31 March 2022; Deliberated on the remuneration packages of the Executives Directors and recommended the same to the Board for approval; Reviewed the Directors' fees and recommended the same for the Board for approval; Review the benefits payable to the Directors of the Company; Review of the Directors' fees payable to Ms. Goh Wen Ling, the Independent Non-Executive Director of the Company; Review the benefits payable to Ms. Goh Wen Ling, the Independent Non-Executive Director of the Company; and Review the revised Terms of Reference of the Remuneration Committee and revised of Directors' Remuneration Policy. 		
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 :	<table border="1" data-bbox="544 1785 1418 1872"> <tr> <td data-bbox="544 1785 963 1872"></td> <td data-bbox="963 1785 1418 1872"></td> </tr> </table>		

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>There is detailed disclosure on named basis for the remuneration of individual Directors.</p> <p>The Directors' Fees of both Executive and Non-Executive Directors are subject to approval by shareholders at the Twenty-Ninth Annual General Meeting.</p> <p>For the financial year ended 31 March 2023, the aggregate remuneration received and receivable by the Directors of the Company from the Company and the Group categorised into appropriate components are as follows: -</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Chan Choo Sing	Executive Director	60.9	0	0	0	0	17.1	78.0	60.9	0	761.3	134.0	0	17.1	973.3
2	Chan Wee Kiang	Executive Director	108.0	0	0	0	0	17.1	125.1	108.0	0	982.6	178.7	0	17.1	1,286.4
3	Chan Wee Boon	Executive Director	48.0	0	0	0	0	17.1	65.1	48.0	0	125.3	0	0	17.1	190.4
4	Chan Chow Tek	Non-Executive Non-Independent Director	48.0	0	0	0	0	7.9	55.9	48.0	0	600.5	52.7	0	7.9	709.1
5	Dato' Chan Chor Ngiak	Non-Executive Non-Independent Director	60.9	0	0	0	0	10.50	71.4	60.9	0	0	0	0	10.5	71.4
6	Chan Chor Ang	Non-Executive Non-Independent Director	48.0	0	0	0	0	7.9	55.9	48.0	0	0	0	0	7.9	55.9
7	Julian Lim Wee Liang	Independent Director	47.9	6.0	0	0	0	7.9	61.8	47.9	6.0	0	0	0	7.9	61.8
8	Piong Yew Peng	Independent Director	71.1	5.5	0	0	0	7.9	84.5	71.1	5.5	0	0	0	7.9	84.5
9	Joyce Wong Ai May	Independent Director	41.1	5.5	0	0	0	7.9	54.5	41.1	5.5	0	0	0	7.9	54.5
10	Goh Wen Ling	Independent Director	28.0	2.0	0	0	0	0	30.0	28.0	2.0	0	0	0	0	30.0
11	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
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	:	The Board is of the view that, given that the disclosure of the remuneration of the top five (5) senior management will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by the competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance.	
		Alternative Practice: - The Board vide the Remuneration Committee will ensure that the remuneration of senior management is fair and commensurate with the performance of the Company and the contribution made by the Senior Management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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>Mr. Piong Yew Peng, the Senior Independent Non-Executive Chairman had on 26 May 2023 relinquished his role as Chairman of the Audit Committee to Ms. Joyce Wong Ai May, which is a separate person from the chair of the Board, Mr. Piong Yew Peng.</p> <p>Ms. Joyce Wong Ai May's responsibilities and duties as a member of the Audit Committee are disclosed in the Terms of Reference of the Audit Committee.</p> <p>A copy of the Terms of Reference of the Audit Committee is available for viewing at the Company's corporate website at http://www.pccsgroup.net/</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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	:	The Terms of Reference of the Audit Committee has been updated accordingly to formalise the appointment of a former key audit partner as a member of the Audit Committee shall observe a cooling-off period of at least three (3) years before being appointed as a member of Audit Committee.	
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

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 had on 28 June 2022 established policies and procedures to assess the suitability, objectivity and independence of external auditors and that such assessment would be carried out annually. The outcome of the assessment would form a basis for the Audit Committee in making recommendation to the Board on the reappointment of the external auditors for the ensuing year at the Annual General Meeting.</p> <p>During the financial year ended 31 March 2023, the Audit Committee has carried out the annual assessment and in its assessment, the Audit Committee considered, inter alia, the following factors: -</p> <p>For "suitability" assessment:-</p> <ul style="list-style-type: none">• The External Auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements;• To the knowledge of the Audit Committee, the External Auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("MIA") which has not been reserved by the Disciplinary Board of MIA;• The External Auditors firm has the geographical coverage required to audit the Group;• The External Auditors firm advises the Audit Committee on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;• The External Auditors firm consistently meets the deadlines set by the Group;• The level of quality control procedures in the External Auditors firm, including the audit review procedures; and• The External Auditors' scope is adequate to cover the key financial and operational risks of the Group.

	<p>For “objectivity” assessment:-</p> <ul style="list-style-type: none"> • The nature and extent of the non-audit services rendered and the appropriateness of the level of fees. <p>For “independence” assessment:-</p> <ul style="list-style-type: none"> • The nature and extent of the non-audit services rendered and the appropriateness of the level of fees; • The engagement partner has not served for a continuous period of more than five (5) years with the Company; • The Audit Committee receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and • Tenure of the current auditors. <p>The Audit Committee noted for the financial year ended 31 March 2023, Messrs. Baker Tilly Monteiro Heng PLT (“Baker Tilly”), the External Auditors of the Company confirmed in writing that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and 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

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	:	Adopted
Explanation on adoption of the practice	:	<p>During the financial year ended 31 March 2023, the Audit Committee consists of three (3) members, all of whom are Independent Directors. The members of the Audit Committee are as follows: -</p> <p>(a) Mr. Piong Yew Peng (Chairman); (b) Mr. Julian Lim Wee Liang (Member); and (c) Ms. Joyce Wong Ai May (Member)</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

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 financial year ended 31 March 2023, the Audit Committee members had completed the assessment on individual basis to assess the performance and skillsets of the individual Audit Committee members and their peers and the results were compiled by the Company Secretaries and tabled for the Nomination Committee's review.</p> <p>Based on the results of the assessment, the Audit Committee members are financially literate and understand the Group's business. The Audit Committee as a whole, has the appropriate and necessary skills and a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance and economics to discharge their duties. The Audit Committee members had also given feedback to their peers on areas of focus for enhancement.</p> <p>The members of the Audit Committee have attended various continuous trainings and development programmes as detailed in the 2023 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Companies 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 affirms the importance of maintaining a sound system of internal controls and risk management practices for good corporate governance. The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the Audit Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's internal control systems. It acknowledges its overall responsibility in this area and also the need to review its effectiveness regularly.</p> <p>The Board had vide the Audit Committee has formed a Risk Management Working Group ("RMWG") together with Performance Management Review Team ("PMRT") to discharge the Risk Management function of the Group on behalf on the Board. The RMWG is reporting to PMRT in respect of the identified risks and PMRT will report directly to the Audit Committee.</p> <p>The Statement on Risk Management and Internal Control as set out in the 2023 Annual Report provides an overview of the state of Risk Management and internal controls within the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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	:	The Board had vide the Audit Committee has formed a Risk Management Working Group (" RMWG ") together with Performance Management Review Team (" PMRT ") to discharge the Risk Management function of the Group on behalf on the Board. The RMWG is reporting to PMRT in respect of the identified risks and PMRT will report directly to the Audit Committee. The Statement on Risk Management and Internal Control as set out in the 2023 Annual Report provides an overview of the state of Risk Management and internal controls within the Group.	
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	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 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 Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Company's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.</p> <p>The Group has appointed an independent professional service provider to carry out the internal audit function, namely, Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"). The outsourced Internal Auditors report directly to the Audit Committee providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function. The purpose of the internal audit function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control in the Group.</p> <p>The functions of the internal audit include major areas as follows:-</p> <ul style="list-style-type: none">• Perform regular review of operational compliance with the established internal control procedures and the risk profiles of the major business units of the Group.• Conduct investigations on specific areas or issues directed by the Audit Committee.• Review the risk management processes. <p>The internal controls are tested for effectiveness and efficiency by Sterling. The report of the internal audit is tabled for Audit Committee's review and comments, and the audit findings will then be communicated to the Board. The outsourced Internal Auditors' representative met up four (4) times with the Audit Committee for the financial year ended 31 March 2023.</p> <p>The internal audit review of the Group's operations encompasses a risk-based independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.</p> <p>The following matters (non-exhaustive), in relation to the internal audit function of the Group, are reserved matters for the Audit Committee:-</p>

	<p>(a) Consider the appointment of the Internal Auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person(s) as auditors.</p> <p>(b) Review the internal audit plan, consider the internal audit reports and findings of the Internal Auditors, fraud investigations and actions and steps taken by Management in response to audit findings.</p> <p>(c) Review any appraisal or assessment of the performance of members of the internal audit function.</p> <p>The Audit Committee Report as set out in the 2023 Annual Report provides further details of the Internal Audit Function.</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 Group has appointed an independent professional service provider to carry out the internal audit function, namely, Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"). The outsourced Internal Auditors report directly to the Audit Committee. During the financial year ended 31 March 2023, the Audit Committee had reviewed and assessed the adequacy of the scope, functions, competency, resources and independence of the outsourced Internal Auditors and that they have the necessary authority to carry out their work.</p> <p>The profile of Sterling is set out as follows: -</p> <table><tr><td>Principal Engagement Lead</td><td>:</td><td>Dr So Hsien Ying</td></tr><tr><td>Qualifications</td><td>:</td><td>Doctor in Business Administration (Wales), Certified Internal Control Professional from Internal Control Institute, USA, Master of Business Administration (MBA) degree from the University of Hull, UK; Honorable Bachelor Degree in Economics; Diploma in Economics from the University of London; Member of Malaysian Alliance of Corporate; Associate member of Institute of Internal Auditors Malaysia ("IIAM").</td></tr><tr><td>Experiences</td><td>:</td><td>Twenty-nine (29) years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review</td></tr><tr><td>Number of resources</td><td>:</td><td>each internal audit review ranges from three (3) to four (4) staff per visit</td></tr></table> <p>Sterling is a corporate member of the IIAM. Sterling uses the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Internal Control-Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.</p>	Principal Engagement Lead	:	Dr So Hsien Ying	Qualifications	:	Doctor in Business Administration (Wales), Certified Internal Control Professional from Internal Control Institute, USA, Master of Business Administration (MBA) degree from the University of Hull, UK; Honorable Bachelor Degree in Economics; Diploma in Economics from the University of London; Member of Malaysian Alliance of Corporate; Associate member of Institute of Internal Auditors Malaysia (" IIAM ").	Experiences	:	Twenty-nine (29) years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review	Number of resources	:	each internal audit review ranges from three (3) to four (4) staff per visit
Principal Engagement Lead	:	Dr So Hsien Ying												
Qualifications	:	Doctor in Business Administration (Wales), Certified Internal Control Professional from Internal Control Institute, USA, Master of Business Administration (MBA) degree from the University of Hull, UK; Honorable Bachelor Degree in Economics; Diploma in Economics from the University of London; Member of Malaysian Alliance of Corporate; Associate member of Institute of Internal Auditors Malaysia (" IIAM ").												
Experiences	:	Twenty-nine (29) years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review												
Number of resources	:	each internal audit review ranges from three (3) to four (4) staff per visit												

	For financial year ended 31 March 2023, Sterling's engagement team personnel have affirmed to the Audit Committee that in relation to the Company/Group, they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.	
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>The Board has developed internal corporate disclosure practices to ensure effective communications to the investing public regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.</p> <p>The Board has a Corporate Disclosure Policy in place on confidentiality to ensure that confidential information is handled properly by the Directors, employees and relevant parties to avoid improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately to Bursa Malaysia Securities Berhad.</p> <p>A copy of the Corporate Disclosure Policy is available for viewing at the Group's corporate website at http://www.pccsgroup.net/.</p> <p>The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follow: -</p> <p>(a) Announcements to Bursa Malaysia Securities Berhad</p> <p>Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Malaysia Securities Berhad.</p> <p>Shareholders and Investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Malaysia Securities Berhad at www.bursamalaysia.com.my or "Investor Relations" Section of the Company's corporate website at http://www.pccsgroup.net.</p> <p>(b) Annual Reports</p>

	<p>The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.</p> <p>(c) Annual General Meeting/General Meetings</p> <p>The Annual General Meeting/General Meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company.</p> <p>(d) Corporate Website</p> <p>The Company's website provides a plethora of information to the public, which includes, inter alia, corporate information, business activities, corporate governance matters, annual reports, financial results, and etc.</p> <p>The Company has created the following dedicated sections to ensure more effective dissemination of information: -</p> <p>(i) A dedicated "Investor Relations" section which provides all relevant information on the Company and is accessible by the public. It includes the announcements made by the Company and Annual Reports. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information. The Investor Relations section comprises the following specific information: -</p> <ul style="list-style-type: none"> • Quarterly Financial Report • Annual Financial Report • Leadership introduction • Stock Quote • Corporate Governance • Company Announcements • Annual General Meeting Summary <p>(ii) The Company has officially launched its LinkedIn Official Account in October 2019 and the WeChat Official Account (微信公众号) in December 2019. Both of the official accounts will serve as an internal communication channel for the Group in view of the Group subsidiaries' diverse location around the globe. The aforesaid official accounts will also serve as an interaction channel between public and the Group, allowing publics to have more understanding on the Group.</p>
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	<p>(iii) A dedicated “Contact Us” section with the listing of contact particulars of all the subsidiaries of the Group, including telephone numbers, facsimile as well as email address of the respective person-in-charge for ease of communication by stakeholders.</p> <p>The Company’s corporate website and official accounts are accessible at:</p> <ul style="list-style-type: none"> – http://www.pccsgroup.net/ – https://www.linkedin.com/company/pccs-group-berhad/pccs/ – WeChat ID: PCCSGROUP <p>(e) Senior Independent Non-Executive Director</p> <p>The Board has designated Mr. Julian Lim Wee Liang (“Mr. Julian”) as Senior Independent Non-Executive Director to whom concerns from shareholders/stakeholders may be conveyed. Subsequently, Mr. Julian had on 26 May 2023 resigned as Senior Independent Non-Executive Director and he was succeeded by Mr. Piong Yew Peng, who was re-designated as Senior Independent Non-Executive Chairman on 26 May 2023.</p> <p>Shareholders/Stakeholders may address their concerns to the Senior Independent Non-Executive Director in the following manners:-</p> <ul style="list-style-type: none"> • By Letter – to be forwarded in a sealed envelope labelling with a legend of “To be opened by the Senior Independent Non-Executive Chairman only”; or • By Email – to be forwarded vide secure email with the heading of “For the eyes of the Senior Independent Non-Executive Chairman only”. <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p>Senior Independent Non-Executive Chairman</p> <p>Mr. Piong Yew Peng</p> <p>Postal Address:-</p> <p>PCCS Group Berhad Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim, Malaysia.</p> <p>Email address: -</p> <p>piongyewpeng@gmail.com</p> </div>
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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 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 notice of Twenty-Eighth Annual General Meeting (“AGM”) held on 29 August 2022 together with the Annual Report for the financial year ended 31 March 2022 were sent to the shareholders at least twenty-eight (28) days prior to the meeting date in order to give sufficient time to the shareholders to review the resolutions that will be discussed and concluded during the AGM. In addition, the notice of the AGM was advertised in local newspaper in which the shareholders and the general public were able to access easily to the notice of the AGM.</p> <p>The Explanatory Notes in the Notice of the AGM also provide detailed explanation for each resolution proposed to enable the shareholders to make informed decision in exercising their voting rights.</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

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>All the directors were present at the Twenty-Eighth Annual General Meeting (“28th AGM”) of the Company held on 29 August 2022 to engage with the shareholders personally and proactively.</p> <p>The Directors ensure sufficient opportunity given to the shareholders to pose questions and that adequate responses are given in 28th AGM.</p> <p>The Chairmen of the Board Committees were also readily available to address the questions posted by the shareholders at the Twenty-Ninth Annual General Meeting.</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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although the Board recognises the importance of leveraging on technology to facilitate remote shareholders' participation and voting on all resolutions via remote participation and voting facilities, but after due considerations, the Company has conducted its Twenty-Eighth Annual General Meeting ("28th AGM") via physical mode on 29 August 2022.	
	:	Even though the Company conducted its 28th AGM on 29 August 2022 at a physical venue, shareholders are allowed to vote in absentia by way of appointing the Chairman of the Annual General Meeting as their proxy to vote on their behalf by submitting their proxy form with pre-determined voting instructions for the Chairman to vote for and on their behalf.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 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.

<i>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.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>During the Annual General Meeting, the Chairman ensures the shareholders and proxies were given adequate opportunity and time to participate and engage the Board and Senior Management effectively in order for them to make informed voting decisions.</p> <p>During the AGM, adequate time is allocated for shareholders to pose questions for Directors/Management to answer accordingly.</p> <p>During the Twenty-Eighth Annual General Meeting which was held on 29 August 2022 physically, the Chairman actively encouraged the shareholders and/or proxies to participate in the question-and-answer session.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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.

<i>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.</i>			
Application	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Applied
Explanation on application of the practice	:	Minutes of the Twenty-Eighth Annual General Meeting (“ 28th AGM ”) held on 29 August 2022 have been made available to shareholders no later than thirty (30) business days after the 28 th AGM on company website at http://www.pccsgroup.net/ .
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.

N/A
