

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7081  
**COMPANY NAME** : Pharmaniaga Berhad  
**FINANCIAL YEAR** : December 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 TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

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

	<p><b>b) Reviewing and deciding on management’s proposals for the Company, and monitoring its implementation by management</b></p> <p>Management’s proposals which are reserved for the Board’s approval will be discussed at the Board Meetings, where the Directors have the opportunity to scrutinize the proposal and seek clarification from the Management team. The Managing Director ensures that Management has taken into account all the appropriate considerations before tabling the proposals to the Board. Any significant updates on the proposals would be updated to the Directors either in the next Board Meeting or in follow-up reports distributed.</p> <p>Following the resignation of the Chief Executive Officer (CEO), the Board has on 14 March 2023 established Executive Committee (EXCO) consisting of four (4) members, i.e. Ahmad Shahredzuan Mohd Shariff (Chairman/Non-Independent Non-Executive Director), Zulkifli Jafar (Deputy CEO), Mohamed Iqbal Abdul Rahman (Chief Operating Officer) and Norai’ni Mohamed Ali (Chief Financial Officer) to carry out the day-to-day role and functions of CEO. In this respect, the Board is guided by the Limits of Authority which provides the authority limits for corporate, operational, financial and human resource areas. The Limits of Authority determines the respective approving authorities for each transaction, prohibiting unfettered powers for any single individual within the various levels of management.</p> <p><b>c) Ensuring that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;</b></p> <p>The Group’s sustainability initiatives reflect its continuous drive towards maximising opportunities for strong fiscal growth and optimising operational efficiency in tandem with the long term-term value creation based on economic, environmental and social considerations. Details of the Group’s sustainability efforts for the year ended 31 December 2023 are set out in Integrated Report 2023.</p> <p><b>d) Supervising and assessing management performance to determine whether the business is being properly managed</b></p> <p>The Board meets at least four (4) times a year, with additional meetings held as and when required by the Board. Prior to the start of the new financial year, the Board will review and discuss the annual budget and strategic business plans presented by Management, before approving for execution. Key Performance Indicators (KPIs) for the Chief Executive Officer and Senior Management team are put in place to ensure Management’s performance is aligned with the Group’s business targets for the</p>
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	<p>year, and also for the future on a medium and long-term basis.</p> <p><b>e) Ensuring there is a sound framework for internal controls and risk management</b></p> <p>The Board acknowledges its overall responsibility in maintaining a sound system of internal control to safeguard shareholders' investments and the assets of the Group and for reviewing the adequacy and integrity of the system. Notwithstanding this, due to the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage risks within tolerable and knowledgeable limits, rather than eliminate the risk of failure to achieve business objectives. The Group's internal control can only provide reasonable but not absolute assurance against material misstatement or loss. Details of the Group's internal controls are set out in its Statement on Risk Management and Internal Control, which is on page 159 to page 168 of the Company's Integrated Report 2023.</p> <p><b>f) Understanding the principal risks of the Group's business and recognising that business decisions involve the taking of appropriate risks</b></p> <p>The Board has ensured that the Group has the necessary risk infrastructure encompassing the risk assessment process, organisational oversight and reporting function to instill the appropriate discipline and control for continuous improvement of risk management capabilities. Details of the Group's risk management measures are set out in its Statement on Risk Management and Internal Control, which is on page 159 to page 168 of the Company's Integrated Report 2023.</p> <p><b>g) Ensuring that there is an appropriate risk management framework in place, for management to identify, manage and monitor significant risks</b></p> <p>The Board has put in place a Risk Management Framework for Management to identify, evaluate, manage and monitor significant risks. Details of the Group's Risk Management Framework are set out in its Statement on Risk Management and Internal Control which is on page 159 to page 168 of the Company's Integrated Report 2023.</p> <p><b>h) Ensuring that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management</b></p> <p>The Board seeks to ensure that the members of the Senior Management team are qualified, professional and have sufficient calibre to collectively lead the operations of the Group.</p>
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	<p>The Board takes cognisance that the orderly succession of Senior Management is important to ensure the readiness of internal candidates to fill potential positions. In this respect, the Group has put in place its talent development programmes to provide opportunities for employees to hone their capabilities and leadership skills.</p> <p><b>i) Ensuring that the Group has in place procedures to enable effective communication with stakeholders</b></p> <p>The Board is committed in providing effective and timely communication with its stakeholders. The Group uses a number of formal channels for effective dissemination of information to the public, namely, the Integrated Report, announcements to Bursa Malaysia Securities Berhad and media releases. Regular analyst briefings are conducted for stakeholders, whilst the Group's website, <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a> provides relevant information for investors and other stakeholders.</p> <p><b>j) Ensuring the integrity of the Company's financial and non-financial reporting</b></p> <p>The Audit Committee has been entrusted by the Board to ensure the Group's financial and non-financial reporting present a true and fair view of its state of affairs. The Audit Committee meets at least four (4) times a year to review the unaudited financial results, and ensures Management prepares the results and statements in accordance with the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), applicable accounting standards and other relevant regulatory requirements.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The role and responsibilities of the Chairman of the Board are clearly specified in Paragraph 4 of the Board Charter, which is available on the Company's website <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p> <p>During the financial year under review, Datuk Seri Zainal Abidin Mohd Rafique was the Chairman of the Company until 31 January 2023. On 22 February 2023, Izaddeen Daud was appointed as the Chairman of Pharmaniaga. In his role as Chairman, he provides leadership so that the Board can perform its responsibilities effectively.</p> <p>As provided under the Company's Board Charter, the Chairman is responsible for, among others:</p> <ul style="list-style-type: none"><li>• Leading the Board in setting the values and standards of the Company;</li><li>• Encouraging all Directors to play an active role in Board activities;and</li><li>• Ensuring the provision of accurate, timely and clear information to Directors.</li></ul> <p>The Chairman together with the Company Secretaries sets the agenda of each Board Meeting. He ensures that Directors receive Board papers in a timely manner and that Directors are properly briefed on issues arising in Board Meetings. During Board Meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed. The Chairman also ensures that every Board resolution is put to vote and the will of majority prevails.</p> <p>The Chairman plays a key role in the conduct of the General Meetings. Besides ensuring the proper flow of resolutions tabled at the meeting, he manages the communication on the floor. He further encourages active participation from shareholders and allows a generous amount of time during the questions and answers session.</p>
<b>Explanation for departure</b> :	

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

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of the Chairman and Chief Executive Officer (CEO) are separate and clearly defined and are held by two distinct parties. During the financial year ended 31 December 2023, Datuk Seri Zainal Abidin Mohd Rafique was the Chairman of the Company until 31 January 2023. Subsequently, on 22 February 2023, Izaddeen Daud was appointed as the Non-Independent Non-Executive Chairman of the Board. Datuk Zulkarnain Md Eusope was the Chief Executive Officer of the Company during the financial year under review until 14 March 2023. In his role as Chief Executive Officer, he provides the necessary support to the Chairman. Since his resignation, the role and functions of CEO has been replaced by the Executive Committee (EXCO), led by Ahmad Shahredzuan Mohd Shariff (Chairman/Non-Independent Non-Executive Director) and supported by Zulkifli Jafar (Deputy CEO), Mohamed Iqbal Abdul Rahman (Chief Operating Officer) and Norai'ni Mohamed Ali (Chief Financial Officer).</p> <p>The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the CEO/EXCO has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions. The separation of power seeks to facilitate an appropriate balance of power to prevent any single individual from dominating deliberations and the decision-making process.</p> <p>The respective roles, duties and responsibilities of the Chairman and the CEO are as stated in the Company's Board Charter. In this respect, the EXCO is guided by the Terms of Reference dated 23 March 2023 and the Company's Limits of Authority.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



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

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

## Practice 1.4

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

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

<b>Application</b>	: Applied								
<b>Explanation on application of the practice</b>	<p>During the financial year ended 31 December 2023, Pharmaniaga is in compliance with Practice 1.4 of the MCGG whereby none of its Chairmen sits as member of the Audit Committee ("AC") or the Nominating and Remuneration Committee ("NRC") of the Company.</p> <p>The Chairman of the AC and NRC during the year under review are as follows:</p> <table><tr><th colspan="2">Chairman of Audit Committee</th></tr><tr><td>Sarah Azreen Abdul Samat <i>Independent Non-Executive Director</i></td><td>Appointed with effect from 30 August 2021</td></tr></table> <table><tr><th colspan="2">Chairman of Nominating and Remuneration Committee</th></tr><tr><td>Dr Abdul Razak Ahmad <i>Senior Independent Non-Executive Director*</i></td><td>Appointed with effect from 2 February 2021  *Redesignate as Senior Independent Non-Executive Director on 22 February 2023.</td></tr></table> <p>The Chairman of the Audit Committee, Nomination or Remuneration Committee is distinct from the Chairman of the Board. Having the positions of Board Chairman and Chairman of the Audit Committee and Nomination or Remuneration Committee assumed by different individuals allows the Board to objectively review the Committee's findings and recommendations.</p> <p>The duties and responsibilities of the Chairman of the Audit Committee, Nomination or Remuneration Committee are outlined in the Terms of Reference of the Audit Committee and the Nominating and Remuneration Committee which is available on the Group's website, <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>	Chairman of Audit Committee		Sarah Azreen Abdul Samat <i>Independent Non-Executive Director</i>	Appointed with effect from 30 August 2021	Chairman of Nominating and Remuneration Committee		Dr Abdul Razak Ahmad <i>Senior Independent Non-Executive Director*</i>	Appointed with effect from 2 February 2021  *Redesignate as Senior Independent Non-Executive Director on 22 February 2023.
Chairman of Audit Committee									
Sarah Azreen Abdul Samat <i>Independent Non-Executive Director</i>	Appointed with effect from 30 August 2021								
Chairman of Nominating and Remuneration Committee									
Dr Abdul Razak Ahmad <i>Senior Independent Non-Executive Director*</i>	Appointed with effect from 2 February 2021  *Redesignate as Senior Independent Non-Executive Director on 22 February 2023.								

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

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries of Pharmaniaga are Puan Wan Intan Idura Wan Ismail and Encik Syaruzaimi Yusof. Both have legal qualifications and are Licensed Secretary from Companies Commission of Malaysia. They are also qualified to hold the position under Section 235 of the Companies Act 2016. Puan Wan Intan Idura and Encik Syaruzaimi were appointed as the in-house Company Secretaries of Pharmaniaga since 20 November 2019.</p> <p>The Company Secretaries plays an advisory role in supporting the Board to uphold high standards of corporate governance. As a counsel to the Board, they provide the Board with periodic updates regarding regulatory developments and assist the Board in interpreting and applying pertinent corporate governance promulgations such as Capital Markets and Services Act 2007 (Amendment 2012), Companies Act 2016 and MMLR. The Company Secretaries also provide support in facilitating the flow of information to Board. The Company Secretaries additionally serve as liaison for stakeholders' communication and engagement on corporate governance issues. The role and responsibilities of the Company Secretaries are set out in the Board Charter.</p> <p>The Company Secretaries have a direct functional reporting line to the Chairman and have been accorded with appropriate standing and authority to enable them to discharge their duties in an impartial and effective manner. The appointment or removal of the Company Secretaries is the prerogative of the Board.</p> <p>In order to upskill themselves and keep abreast with the latest developments in the corporate governance realm, the Company Secretaries have attended relevant training and professional development programmes during the financial year under review relating to Companies Act 2016, Malaysian Code on Corporate Governance (MCCG) and MMLR.</p>
<b>Explanation for departure</b>	:	

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

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

## Intended Outcome

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

## Practice 1.6

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

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

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

**Intended Outcome**

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

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

**Practice 2.1**

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

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

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



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

### Intended Outcome

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

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

### Practice 3.1

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

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

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

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

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group is committed in preserving and protecting its integrity, interest and reputation at all times. In this respect, the Whistleblowing Policy was established in July 2010, and was last reviewed by the Board on 22 June 2023.</p> <p>The main objective of the Whistleblowing Policy is to provide a point of escalation for employees or stakeholders to disclose in a bona fide manner any suspected acts of wrongdoings without any fear of reprisal. It also fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoings within the Group.</p> <p>The Whistleblowing Policy provides guidelines for the reporting and the investigation of any wrongdoings. Such misconduct may be reported either through whistleblowing hotline at 1-800-182-082, or in writing directly to <a href="mailto:whistleblow@pharmaniaga.com">whistleblow@pharmaniaga.com</a>, and/or to the Audit Committee Chairman and/or to the Senior Independent Non-Executive Director. The email addresses of the Audit Committee Chairman and the Senior Independent Non-Executive Director can be found on the Group's website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p> <p>The Whistleblowing Policy makes it clear that concerns can be raised without fear of victimisation, recrimination, discrimination or disadvantage to the employee or stakeholder that reports the concerns.</p> <p>The Board together with Management, reviews the Whistleblowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</p> <p>The Integrity &amp; Governance Unit was also established on 28 November 2018 to execute 4 functions i.e. complaints management, detection and verification, integrity enhancement and governance. The Integrity Unit functions independently and reports to the Audit Committee and dotted line to the top Management.</p>

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

**Intended Outcome**

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

**Practice 4.1**

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board together with the Management takes responsibility for the governance of sustainability in the Group, including setting it sustainability strategies, priorities and targets. A designated senior employee is tasked to focus on the management of sustainability strategically including integration of sustainability considerations in the Group's operations.</p> <p><u>Sustainability Governance</u></p> <p>Sustainability at Pharmaniaga Berhad is led by our highest governing body namely the Board of Directors (Board). The Board is responsible for the Group's sustainability strategy as well as our sustainability performance. As at 31 December 2023, it is supported by the Sustainability Committee comprising of three (3) committee members who oversee the Group's sustainability objectives, policies and practices. At Management level, the Management Sustainability Committee (MSC) which is chaired by the Managing Director of the Company is responsible in managing the Group's sustainability management and administration. The MSC is supported by the Sustainability Secretariat which oversees sustainability operations and implementations within the Group.</p> <p>The Sustainability Committee and Management Sustainability Committee have oversight of the ESG matters and assist the Board with governance and monitoring.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

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

### Intended Outcome

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

### Practice 4.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures that the Group's sustainability strategies, priorities and targets as well as performance against these targets are communicated to all stakeholders. The well-being of customers, employees and other stakeholders as well as the environment is crucial to sustaining our long-term performance.</p> <p>The Board and Management Communicate the Group's sustainability strategies, priorities, targets and performance with internal and external stakeholders through the following channels:</p> <p><u>Internal stakeholders</u></p> <ul style="list-style-type: none"><li>• Annual Performance Appraisal</li><li>• Training Needs Analysis</li><li>• Employee Happiness</li><li>• Periodic Townhall</li><li>• Webinar and Training</li><li>• Internal communication including emails, posters and internal social media channel</li></ul> <p><u>External stakeholders</u></p> <ul style="list-style-type: none"><li>• Integrated Report</li><li>• Annual General Meeting</li><li>• Website</li><li>• Engagement and dialogue session with various group of external stakeholders</li></ul> <p>Further details are contained in the Stakeholder Engagement segment which is on page 34 to page 37 of the Company's Integrated Report 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



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

### Intended Outcome

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

### Practice 4.3

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

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

### Intended Outcome

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

### Practice 4.4

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

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

### Intended Outcome

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

### Practice 4.5- Step Up

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

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

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	Cik Noor Fadzilah Abu Bakar, (Sustainability Manager) manage the Company's sustainability governance to support its long-term strategy and success in the Company's operation. Since her resignation, the Company has appointed Ms. Fazleena Jasin as the Head of Sustainability to oversee and manage the Company's sustainability governance.

### Intended Outcome

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

### Practice 5.1

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

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

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Depart
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Following the resignation of Board members during the financial year under review, the Board comprises of five (5) members and one (1) alternate member. As at 31.12.2023, the following two (2) are Independent Directors:</p> <ul style="list-style-type: none"><li>• Dr. Abdul Razak Ahmad</li><li>• Sarah Azreen Abdul Samat</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<p>The Board has assessed the Board composition and will continue to search for suitable candidates to provide a balanced mix of skills, diversity and experience, as well as the objectivity required in the boardroom.</p> <p>Nonetheless, the Board acknowledge that the Company is still in compliance with the 1/3 majority independent directors requirement set under the Main Market Listing Requirement.</p>
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has formalised a Board Directorship Policy on 16 August 2019 which serves as a formal commitment for the Board of Directors regarding their directorship and tenure as Pharmaniaga Berhad Board of Directors. The policy is published on the Company’s website.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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



### Intended Outcome

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

### Practice 5.5

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

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

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

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

### Intended Outcome

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

### Practice 5.6

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

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

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

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

## Intended Outcome

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

## Practice 5.7

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures shareholders are provided with the information they require to make an informed decision on the appointment and re-appointment of director(s). This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect in their capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Group as a whole.</p> <p>The details on the re-appointment of directors are provided in the Group's Integrated Report 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nominating and Remuneration Committee is chaired by Dr. Abdul Razak Ahmad, a Senior Independent Non-Executive Director.</p> <p>The Board understands that an effective recruitment and evaluation process of Directors is the building block of a high-performing Board. The Board, therefore believes that the Independent Director is the most suitable and qualified person to lead the conduct of the process in an objective manner.</p>	
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 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	As at 31.12.2023, the Company has one (1) female Director and one (1) alternate Director, representing about 20% of women directors on its Board.
	:	The Board acknowledges the call for gender diversity of at least 30% of women directors in companies and has been actively searching for the right candidate to fill in the directorship positions.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board supports gender diversity at all levels which include the Board, Senior Management and other employees. The Board acknowledges that this is an area for continuous improvement and will continue to search for suitable women directors and employees.
<b>Timeframe</b>	:	Within 2 years

**Intended Outcome**

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

**Practice 5.10**

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

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



## Intended Outcome

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

## Practice 6.1

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

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

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

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

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

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company has formalised its Board and Senior Management Remuneration Policy on 22 February 2023. The policies set out the criteria and procedures to be undertaken in recommending the remuneration package of the Board and Senior Management.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee was merged with the Remuneration Committee on 16 May 2020 and is now known as Nominating and Remuneration Committee. The Nominating and Remuneration Committee comprises all Non-Executive Directors. The membership of the Nominating and Remuneration Committee as at 31 December 2023 is outlined below:</p> <ol style="list-style-type: none"><li>1) Dr. Abdul Razak Ahmad (<i>Senior Independent Non-Executive Director and Chairman of Nominating and Remuneration Committee</i>)</li><li>2) Sarah Azreen Abdul Samat (<i>Independent Non-Executive Director</i>)</li><li>3) Ahmad Shahredzuan Mohd Shariff (<i>Non-Independent Non-Executive Director</i>)</li></ol> <p>The Nominating and Remuneration Committee responsibilities include reviewing the remuneration packages, reward structure and benefits applicable to Board and Senior Management, and making the appropriate recommendations to the Board.</p> <p>The Terms of Reference of Nominating and Remuneration Committee is accessible for reference on the Group's website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Group successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.</p> <p>The remuneration of Non-Executive Directors is reviewed once in every three (3) years. The remuneration of Non-Executive Directors is approved by shareholders at the AGM of the Company, as prescribed by the Company's Constitution and the Companies Act 2016.</p> <p>The details for the remuneration of Directors for the financial year ended 31 December 2022 for the Company are stated on page 154 of the Company's Integrated Report 2023. It is also disclosed as follows:</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Zulkarnain Md Eusope	Managing Director	0	12	282	0	1	0	295	0	12	282	0	1	0	295
2	Zulkifli Jafar	Executive Director	0	0	140	0	1	0	141	0	0	140	0	1	0	141
3	Datuk Seri Zainal Abidin Mohd Rafique	Non-Independent Non-Executive Chairman	14	3	0	0	0	0	17	14	3	0	0	0	0	17
4	Izaddeen Daud	Non-Independent Non-Executive Chairman	161	32	0	0	0	0	193	161	32	0	0	0	0	193
5	YB Senator Datuk Dr. Haji Azhar Ahmad	Independent Non-Executive Director	42	13	0	0	0	0	55	60	14	0	0	0	0	74
6	Dato' Dr. Najmil Faiz Mohamed Aris	Independent Non-Executive Director	8	5	0	0	0	0	13	11	5	0	0	0	0	16
7	Dr. Abdul Razak Ahmad	Senior Independent Non-Executive Director	140	50	0	0	0	0	190	179	56	0	0	0	0	235
8	Sarah Azreen Abdul Samat	Independent Non-Executive Director	131	51	0	0	0	0	182	161	65	0	0	0	0	226
9	Datuk Lim Thean Shiang	Independent Non-Executive Director	54	27	0	0	0	0	81	54	27	0	0	0	0	81
10	Dr. Mary Jane Cardosa	Independent Non-Executive Director	43	13	0	0	0	0	56	43	13	0	0	0	0	56
11	Ahmad Shahredzuan Mohd Shariff	Non-Independent Non-Executive Director	100	36	0	0	0	0	136	100	36	0	0	0	0	136
12	Mohammad Ashraf Md. Radzi	Non-Independent Non-Executive Director	35	4	0	0	0	0	39	35	4	0	0	0	0	39

### 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	:	<div>Remuneration paid to the top five (5) Senior Management of Pharmaniaga for the financial year ended 31 December 2023 are as follows:-</div> <table><tr><th>Top Five Senior Management (not including Managing Director)</th><th>Number of persons</th></tr><tr><td>From RM500,001 to RM600,000</td><td>2</td></tr><tr><td>From RM600,001 to RM700,000</td><td>1</td></tr><tr><td>From RM700,001 to RM800,000</td><td>1</td></tr><tr><td>From RM800,001 to RM900,000</td><td>0</td></tr><tr><td>From RM900,001 to RM1,000,000</td><td>1</td></tr><tr><td>Total</td><td>5</td></tr></table> <div>No Senior Management’s remuneration falls within the RM800,001 to RM900,000 and RM950,001 to RM1,000,000 bands.</div> <div>The remuneration of the top five (5) Senior Management of the Company disclosed above is on an aggregate basis and it allows stakeholder to make an appreciable link between remuneration of Senior Management and performance of the Group. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management’s individual remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.</div> <div>The Board ensures that the remuneration of Senior Management is commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Company successfully. Excessive remuneration pay-outs are not made to Senior Management personnel in any instance.</div>	Top Five Senior Management (not including Managing Director)	Number of persons	From RM500,001 to RM600,000	2	From RM600,001 to RM700,000	1	From RM700,001 to RM800,000	1	From RM800,001 to RM900,000	0	From RM900,001 to RM1,000,000	1	Total	5
Top Five Senior Management (not including Managing Director)	Number of persons															
From RM500,001 to RM600,000	2															
From RM600,001 to RM700,000	1															
From RM700,001 to RM800,000	1															
From RM800,001 to RM900,000	0															
From RM900,001 to RM1,000,000	1															
Total	5															



<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	<p>:</p> <p>The Company will provide disclosure of Senior Management's Remuneration on a named basis once it is made mandatory under MMLR.</p> <p>The current disclosure on an aggregate basis already allows stakeholders to establish the nexus between remuneration and value creation of the Group.</p>		
<b>Timeframe</b>	<p>:</p> <table border="1"> <tr> <td>Others</td> <td>Within a prescribed period when the requirement is made mandatory under MMLR.</td> </tr> </table>	Others	Within a prescribed period when the requirement is made mandatory under MMLR.
Others	Within a prescribed period when the requirement is made mandatory under MMLR.		

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As at 31 December 2023, the Audit Committee ("AC") is chaired by Sarah Azreen Abdul Samat, an Independent Non-Executive Director. Datuk Seri Zainal Abidin Mohd Rafique was the Chairman of the Board until 31 January 2023, whereas Izaddeen Daud is the Chairman of the Board since 22 February 2023. The practice of demarcating the chairmanship of the Board and AC has been codified in the TOR of the AC.</p> <p>Having the positions of Board Chairman and Chairman of the AC assumed by different individuals allows the Board to objectively review the AC's findings and recommendations. Besides, the need for objectivity is particularly imperative for the Chairman of the AC as the effectiveness of the committee is often dependent on his/her leadership. The Chairman is expected to demonstrate courage to deal with tough issues and support other members to do the same, especially in probing management on areas where subjectivity is inherent. Therefore, the Board recognises the importance for the Chairman of the AC to be distinct from the Chairman of the Board</p> <p>The possession of sound financial understanding and experience equips the Chairman of the AC with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the AC. Cik Sarah Azreen Abdul Samat full profile can be viewed on page 133 of the Company's Integrated Report 2023.</p> <p>The duties and responsibilities of the Chairman of the AC are outlined in the Terms of Reference of the AC, which is available on the Group's website at <a href="http://www.pharmaniaga.com">www.pharmaniaga.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.2

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

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>Under its Terms of Reference, the Audit Committee reviews the suitability, objectivity and independence of the external auditor of the Company on an annual basis. The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor's performance, quality of work, audit fees and the adequacy of resources.</p> <p>During the financial year ended 31 December 2023, the Audit Committee met with the external auditor namely, Messrs. PricewaterhouseCoopers PLT (PwC), twice during the year in the absence of Management. The Audit Committee has also monitored and reviewed the performance and independence of PwC and was satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered met the quality expected by the Committee.</p> <p>For the audit of the financial year ended 31 December 2023, the Audit Committee was further assured by PwC by way of written confirmation that its personnel were and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Pursuant to the assessment on the suitability and independence of the external auditor, the Audit Committee made its recommendation to the Board on the re-appointment on the external auditor alongside the accompanying audit fees.</p>
<b>Explanation for departure</b>	:	



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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As at 31 December 2023, the composition of the Audit Committee are as follows:</p> <ol style="list-style-type: none"><li>1) Sarah Azreen Abdul Samat (<i>Independent Non-Executive Director and Chairman of the Audit Committee</i>)</li><li>2) Dr. Abdul Razak Ahmad (<i>Senior Independent Non-Executive Director</i>)</li><li>3) Ahmad Shahredzuan Mohd Shariff (<i>Non-Independent Non-Executive Director</i>)</li></ol> <p>Collectively, the Audit Committee possesses a wide range of necessary skills to discharge its duties. All members of the Audit Committee are financially literate. Cik Sarah Azreen fulfills the requirement set under paragraph 15.09(1)(c) of MMLR, which calls for at least one member of the Audit Committee to be a member of a professional accountancy body.</p> <p>Members of the Audit Committee have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. During the reporting year, the Audit Committee members had attended several training courses. Details of their training can be seen on page 158 of the Company's Integrated Report 2023.</p> <p>During the Audit Committee Meetings, the members were briefed by the external auditor, Messrs. PricewaterhouseCoopers on the following key areas:</p> <ol style="list-style-type: none"><li>a. Financial Reporting developments;</li><li>b. Malaysian Financial Reporting Standards;</li><li>c. Malaysian Code on Corporate Governance; and</li></ol>

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

## Intended Outcome

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

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

## Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established the necessary risk and internal control infrastructure encompassing the risk assessment process, internal control measures, organisational oversight and reporting function to instil the appropriate discipline to continuously improve risk management and internal control capabilities.</p> <p>Details of the Group's Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control, which is on page 159 to page 168 of the Company's Integrated Report 2023.</p> <p>The internal control mechanisms established by the Board are embedded within the organisation structure in all its processes. The internal control system is independently reviewed by the Group Internal Audit (GIA) of Boustead Holdings Berhad (the immediate Holding Company of Pharmaniaga Berhad) to assess its adequacy and effectiveness.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Risk assessment, monitoring and review of the various risks faced by the Group are continuous processes within the key operating units, with the Board Risk and Investment Committee (a Board level Committee) which sit on a quarterly basis playing a pivotal oversight function as delegated by the Board of Directors.</p> <p>The Board has further received assurance from the Executive Committee (EXCO) and the Risk Officer that the Group's risk management and internal control systems are operating adequately and effectively. The EXCO and/or Risk Officer will inform the Board on the effectiveness of the system and highlighting any weaknesses and changes in the risk profile during the meeting.</p> <p>Further details are contained in the Statement of Risk Management and Internal Control which is on page 159 to page 168 of the Company's Integrated Report 2023.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 10.3 - Step Up

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

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>The Company established Board Risk Management Committee ("BRMC") on 16 May 2019 to assist the Board in fulfilling the oversight responsibilities with respect to the Company's risk management processes and internal control systems.</p> <p>Considering the function of risk and investment is inter-related, the Board has on 24 November 2022, expanded BRMC's function to cover matters relating to the Company's proposed investment as well. It was also agreed that the BRMC be renamed to Board Risk and Investment Committee to reflect its expanded function.</p> <p>The composition of the Board Risk and Investment Committee as at 31.12.2023 are as follows:</p> <ol style="list-style-type: none"><li>1) Sarah Azreen Abdul Samat <i>(Independent Non-Executive Director and Chairman of Board Risk and Investment Committee)</i></li><li>2) Dr Abdul Razak Ahmad <i>(Senior Independent Non-Executive Director)</i></li><li>3) Ahmad Shahredzuan Mohd Shariff <i>(Non-Independent Non-Executive Director)</i></li></ol>

### Intended Outcome

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

### Practice 11.1

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

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



## Intended Outcome

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

## Practice 11.2

The board should disclose—

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Charter states that Group Internal Audit (GIA) personnel shall have impartial, unbiased attitude and avoid conflicts of interest in carrying out their duties. If independence or objectivity is impaired in fact or appearance, the details of the impairment should be disclosed to the Audit Committee. The Head of GIA, along with other internal audit personnel, are free from any family relationship with any Directors and/or major shareholder and do not have any conflict of interest with the Group.</p> <p>GIA adopts internal audit standards and best practices based on the International Professional Practices Framework (IPPF), promulgated by the Institute of Internal Auditors.</p> <p>A total of twenty-seven (27) internal auditors from GIA have been assigned to undertake the internal audit function of the Company during the year. The number of resources in GIA is reviewed by the Audit Committee on a quarterly basis to ensure the adequacy of resources to undertake the internal audit function. The total expenses incurred for the internal audit work of Pharmaniaga during the financial year ended 31 December 2023 was approximately RM538,600.00</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

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

	resolutions. Senior Management of the Company are also present to handle other inquiries from the shareholders.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.2

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

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

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

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the AGM as an invaluable platform for shareholders to engage both the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall performance of the Group. The Board therefore endeavours to provide shareholders with adequate time to consider the resolutions that will be discussed and decided upon during the AGM and to facilitate informed decision-making by the shareholders.</p> <p>In this regard, the notice for the 25<sup>th</sup> AGM in 2023 was provided to shareholders on 11 May 2023, at least twenty-eight (28) days before the meeting, which was held on 12 June 2023, beyond the provision of the Main Market Listing Requirements which call for a 21-days' notice period for public companies or listed issuers respectively.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility to engage with shareholders and provide meaningful responses to their questions. In demonstrating this commitment to shareholders, all Directors attended last year’s AGM except for Datuk Lim Thean Shiang and Dr Mary Jane Cardosa who retires at the end of the AGM.</p> <p>For the record, Mohammad Ashraf Md Radzi, Non-Independent Non-Executive Director did not attend last year’s AGM as he was appointed on 10 August 2023.</p> <p>The Chairman of the Board encourages shareholders’ active participation during AGMs by allocating sufficient time for the questions and answers session.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate—

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As an initiative to leverage on technology to broaden its channel of dissemination of information, enhance the quality of engagement with its shareholders and facilitate further participation of shareholders at the Company's general meetings as well as to promote environmental sustainability and cost efficiency, Pharmaniaga has established an e-communication platform with shareholders for the following:</p> <ol style="list-style-type: none"><li>1) Integrated Report 2023 together with Circular to Shareholders.</li><li>2) E-Lodgement of proxy form by shareholders for Pharmaniaga's 25<sup>th</sup> Annual General Meeting.</li></ol> <p>The Company, at its 25<sup>th</sup> AGM held on 12 June 2023 had enabled remote shareholders' participation and online remote voting by leveraging on technology in accordance with Section 327 (1) and (2) of the Companies Act 2016 and Article 63 of the Company's Constitution. The Company conducted its AGM using the Remote Participation and Voting ("RPV") facilities with online attendance and voting by shareholders. Tricor Investor &amp; Issuing House Services Sdn Bhd ("Tricor") was appointed as Poll Administrator to conduct the polling process, and Asia Securities Sdn Bhd as Scrutineers to verify the poll results.</p> <p>The Company had conducted a fully virtual 25<sup>th</sup> AGM on 12 June 2023 at the Broadcast Venue by leveraging technology in accordance with Section 327(1) and (2) of the CA 2016, Article 63 of the Constitution of the Company and SC's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers dated 18 April 2020, 19 February 2021, 5 March 2021, 6 May 2021 including any amendments that are made from time to time.</p> <p>Pharmaniaga will also enable remote shareholders' participation and online remote voting at the 25<sup>th</sup> AGM to be held on 12 June 2023 by leveraging on technology in accordance with Section 327 (1) and (2) of the Companies Act 2016. Shareholders who attend the 25<sup>th</sup> AGM via</p>



	remote participation are encouraged to submit their questions to the Board in advance via Tricor’s TIIH Online, in order to enhance the efficiency of the proceedings of the 25 <sup>th</sup> AGM.	
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 13.4

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the fully virtual 25<sup>th</sup> Annual General Meeting (AGM) of the Company held on 12 June 2023, the Company has leveraged on technology to hold its AGM virtually in its entirety via Remote Participation and Voting (RPV) facilities. The virtual AGM was streamed on Tricor's website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively "participate") remotely at the AGM.</p> <p>The detailed procedures to participate in the meeting remotely were provided to the shareholders in the Administrative Notes of the AGM which were sent through email and/or by ordinary post and the same were also published on the Company's website. At the 25<sup>th</sup> AGM, a total of 875 shareholders and proxies logged in through the RPV.</p> <p>Majority of the Board of Directors, Deputy Chief Executive Officer, Chief Operation Officer, Chief Financial Officer and the Company Secretary attended physically at the Broadcast venue., Senior Management team, External Auditors and shareholders attended the meeting virtually. The Company's moderator read the questions posed by the shareholders and the Chairman of the Board and the EXCO Chairman responded to the questions accordingly. To ensure effective communication, each question was also displayed on the screen as and when responses were provided to the respective questions accordingly in an orderly manner. The 25<sup>th</sup> AGM proceeding went smoothly with the choice of RPV facilities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

### Intended Outcome

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

### Practice 13.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 25<sup>th</sup> Annual General Meeting (“AGM”) of the Company was successfully conducted by way of live streaming from the Broadcast venue on 12 June 2023 without any disruption. The Company has considered reliability of meeting platform and ensured that there was sufficient internet bandwidth to support smooth live streaming and participation remotely.</p> <p>The Company also worked with its share registrar, Tricor Investor &amp; Issuing House Services Sdn Bhd to ensure that there was an adequate mitigation plan for any disruption to access the meeting platform.</p> <p>During the proceeding of the AGM, participants were given the opportunity to pose questions in the form of typed texts on <a href="https://tiih.online">https://tiih.online</a>. Questions received prior to the meeting were presented during the Q&amp;A session. The Chairman of the Board and Senior Management also attended to live questions as many as possible at the AGM itself, within the allocated timeframe. After the AGM, the list of questions and answers was published on the Company’s website, including questions that were not addressed during the AGM itself due to time constraints.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company has made available the Minutes of the 25 <sup>th</sup> AGM on the Company's website.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

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

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

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