

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 8532  
**COMPANY NAME** : PERTAMA DIGITAL BERHAD  
**FINANCIAL YEAR** : December 31, 2021

## **OUTLINE:**

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

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| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Board of Directors ("Board") is responsible for good corporate governance culture within Pertama Digital Berhad ("Pertama Digital") and its group of companies ("Group").</p> <p>Pertama Digital has established a Board Charter and Code of Business Conduct to provide written guidance on the compliance to corporate governance best practices. Board Charter serves as a guideline on the Board's responsibilities and powers conferred upon when carrying out its fiduciary duties. When management of Pertama Digital table strategic plans at Board meeting, Board members evaluate the viability, assess its benefits and costs and question the management on essential details.</p> <p>Board members demonstrated willingness and courage of critical analysis of strategic plans, and at the same time, strike a balance that the management is given due liberty and respect for their insights in conducting business of the Group.</p> <p>Deployment of resources (financial, time and human capital) and the progress of implementation of strategic plans are reviewed critically from time to time to ensure Pertama Digital is on track to achieve the initial strategic direction and aligned with its long-term goals. Any deviation from Pertama Digital's strategic direction will be given attention to and rectification as soon as practicable.</p> |
| <b>Explanation for departure</b>                  | : |  |
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*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

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| <b>Measure</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 1.2

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Independent non-executive chairman of the Board ("Chairman"), Datuk Dr. Ng Bee Ken ("Datuk Dr. Ng") has appropriately and diligently carried out his role to lead the Board in meetings and deliberation.</p> <p>Datuk Dr. Ng is a seasoned practicing lawyer with more than 30 years of exposure in his professional career. His vast professional experience has brought immeasurable value to Pertama Digital. Datuk Dr. Ng always leads the Board dutifully and reminds the Board members from time to time to be mindful of the fiduciary duties that Board members owe to Pertama Digital and its shareholders.</p> <p>When evaluating proposals tabled for the Board's deliberation and evaluating reports submitted by advisers, Datuk Dr. Ng always act in a professional and impartial manner.</p> |
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### Intended Outcome

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

### Practice 1.3

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

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| Application   | : | Applied.  |  |
| Explanation on application of the practice  | : | <p>Pertama Digital’s positions of Chairman and Chief Executive Officer (designated as Group Managing Director, “GMD”) are held by two different individuals. The position of Chairman is held by Datuk Dr. Ng who is an independent non-executive director whereas the GMD is Mr Pan Ding, an executive director of Pertama Digital.</p> <p>This composition has built an ecosystem that is conducive of healthy check and balance by parties of a different powers and authority, party who has no conflict of interest as the Chairman is not a shareholder of Pertama Digital. Ultimately, all deliberations on subjects and efforts put in are in the best interest of Pertama Digital.</p> |  |
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| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
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### 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'.*

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| <b>Application</b>   | : | Departure.   |
| <b>Explanation on application of the practice</b>  | : |  |
| <b>Explanation for departure</b>   | : | <p>The Chairman is a member of the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") (collectively referred to as "Board Committees"). He is also the Chairman of the AC.</p> <p>Specific Terms of Reference were adopted by each of the Board Committees, which clearly laid down the roles and responsibilities of the members. Therefore, despite the fact that Datuk Dr. Ng holds the position as the Chairman of the Board, being a well-trained legal professional, his objectivity and independence is least possible to be impaired given the degree of professionalism from Pertama Digital's interaction with and understanding of Datuk Dr. Ng.</p> <p>All Board members are well aware of that ultimately, the Board collectively is responsible for overseeing all matters relating to the Group.</p> |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
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### Intended Outcome

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

### Practice 1.5

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board is supported by two (2) external Company Secretaries who are qualified to act as Company Secretary under Section 235 of the Companies Act 2016 ("CA 2016").</p> <p>The Company Secretary provide the required support to the Board in carrying out its duties and stewardship role, provide the necessary advisory role with regards to Pertama Digital's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, guidance and legislation.</p> <p>The Board is regularly updated on new guidelines, directions and new regulatory issues affecting the Group by the Company Secretary as well as external consultants. The Company Secretary together with the management team assist the Chairman of the Board and Chairman of Board Committees to deal with the Board's agenda and to provide the relevant information and documents to the directors on a timely basis. The Board is satisfied with the support and performance provided by the Company Secretary in assisting the Board to discharge its duties.</p> <p>The Board is of the view that the Company Secretary has been competent and kept herself abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board.</p> |
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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 1.6**

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>Meeting materials are circulated prior to the actual meeting date via e-mails. Minutes of meeting will be confirmed at the subsequent meeting. In this connection, the deliberations and decisions at the Board and Board Committees’ meetings are well documented in the minutes, including matters where the directors have abstained from voting or deliberation.</p> <p>The Company Secretary will circulate the draft minutes of the meetings for the Board and Board Committees’ review in a timely manner. The Company Secretary is obliged to follow up with the management on status of actions taken with reference to the previous minutes of the meetings for updating the Board. Follow up matters would stay as matters arising in the minutes of meetings until they are resolved.</p> |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <b>Measure</b>   | : |  |  |
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### Intended Outcome

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

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

### Practice 2.1

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

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

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Board regards corporate governance as vitally important to the success of Pertama Digital's business and is unreservedly committed to applying the necessary good governance to ensure that good governance is practised in all of its business dealings.</p> <p>A Board Charter has been formulated to guide the Board in the effective discharge of its roles and responsibilities as well as to define the functions delegated to the management and Board Committees.</p> <p>As stated in the Board Charter, the Board is in charge of leading and managing the Group in an effective and responsible manner. Under Section 213 of the CA 2016, each director shall at all times exercise his powers for a proper purpose and in good faith in the best interest of the Group. Each director shall exercise reasonable care, skill and diligence in discharging his/her duties and responsibilities.</p> <p>In discharging its roles and responsibilities, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board and the delegation of the day-to-day management of the Group to the GMD. This formal structure of delegation is further cascaded by the GMD to the management team. The GMD and management team remain overall accountable to the Board for the delegated authority and for the performance of the Group.</p> <p>The Board also delegates certain responsibilities to the Board Committees, all of whom operate within their defined terms of reference. Notwithstanding this, the Board remains responsible for its fiduciary duties. The Board Charter is reviewed periodically to ensure that it complies with the legislation and best practices and remain relevant in light of the Board's objectives. The Board Charter is accessible on the Governance page of the corporate website.</p> |

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| <b>Explanation for departure</b>   | : |  |
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| <b>Measure</b>   | : |  |
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### Intended Outcome

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

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

### Practice 3.1

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

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

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>Pertama Digital has established a Code of Business Conduct ("CBC"), which although having different terms from the recommendation in Practice 3.1, but essentially incorporating guidance in the same spirit.</p> <p>The CBC has adequate provisions that mandates the adoption of certain practices that promote good corporate governance. The CBC applies to all member companies in the Group, directors and employees.</p> <p>The CBC is accessible on the Governance page of the corporate website.</p> |
| <b>Explanation for departure</b>   | : |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
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**Intended Outcome**

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

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

**Practice 3.2**

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>In line with the Group's core value of integrity, the Board has established its Whistleblowing Policy which encourages employees within the Group to report suspected and/or known misconduct, wrongdoing, corruption, fraud, waste and/or abuse involving resources of Pertama Digital.</p> <p>The Whistleblowing Policy which is published on Pertama Digital's website provides and facilitates a mechanism for any individual to report concerns about any suspected and/or known misconduct, wrong doing, corruption, fraud, waste and/or abuse.</p> <p>The policy spells out clearly its purpose, definition of whistle-blowing and procedural aspects of any whistle-blowing action with an aim to promote integrity, transparency and compliance with legal and ethical standards of conduct in the Group.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <b>Measure</b>   | : |   |
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### Intended Outcome

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

### Practice 4.1

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

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

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

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | In implementing Pertama Digital's business plans, strategies etc., the Board takes into account the sustainability of its ongoing and future businesses. During this current financial period, the Board via the management has been looking into the new focus of the Group's core businesses.<br><br>Among others, the Group is in the midst of disposing its production and sale of fabrics business in China and focusing on its mobile and digital solution businesses by acquiring the remaining shares in DAPAT Vista (M) Sdn Bhd, an 80%-owned subsidiary of Television Airtime Services Sdn Bhd.<br><br>These are all done in the effort of Pertama Digital staying relevant within the market as well as seeking to further firmly establish its position as a market player. |  |
| <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>   | : |   |  |
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**Intended Outcome**

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

**Practice 4.2**

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

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| <b>Application</b>   | : | Applied.  |  |
| <b>Explanation on application of the practice</b>  | : | All major business plans, investment strategies and targets are being communicated to the stakeholders, among others, via announcements and media releases. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |  |
| <b>Measure</b>   | : |   |  |
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**Intended Outcome**

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

**Practice 4.3**

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

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| <b>Application</b>   | : | Applied.   |  |
| <b>Explanation on application of the practice</b>  | : | The Board works together with the management of Pertama Digital in identifying any issues or challenges revolving its current business; which will normally be tabled for the Board's direction and consideration during the Board meetings. |  |
| <b>Explanation for departure</b>   | : |  |  |
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### Intended Outcome

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

### Practice 4.4

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

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The performance evaluations of the Board and senior management do address Pertama Digital's material sustainability risks and opportunities. The Board members and senior management are encouraged to assess and give feedbacks on how sustainability risks and opportunities are being managed within the company, for example whether or not the Board consists of members with expertise variants which will contribute to a good-decision making process. |  |
| <b>Explanation for departure</b>   | : |  |  |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |  |
| <b>Measure</b>   | : |  |  |
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**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

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| <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 5.1

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.

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| <b>Application</b>   | : | Adopted  |
| <b>Explanation on application of the practice</b>  | : | <p>In reference to the Terms of Reference of the NC, the NC is responsible to:</p> <ul style="list-style-type: none"><li>a. to recommend the nomination of a person or persons for directorships;</li><li>b. to consider, in making its recommendations, candidates for directorships proposed by the GMD/executive director and, within the bounds of practicability, by any other director or shareholder;</li><li>c. to recommend to the Board, directors to be elected as members of Board Committees;</li><li>d. to identify, evaluate and recommend candidates for appointment as Company Secretary;</li><li>e. to review annually the term of office and performance of the AC and each of its members;</li><li>f. to assess annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each director and thereafter, table the results to the Board; and</li><li>g. to review annually the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board and thereafter, make recommendations to the Board.</li></ul> |
| <b>Explanation for departure</b>   | : |  |
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**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.

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| Application   | : | Applied.  |  |
| Explanation on application of the practice  | : | <p>The Board comprises of three (3) executive directors and seven (7) independent non-executive directors, more than half of the Board comprised of independent non-executive directors with a mixture of suitably qualified and experienced professionals.</p> <p>The current composition of Board members is optimal and effective in ensuring a good separation of powers and a check and balance mechanism.</p> |  |
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### 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.

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| <b>Application</b>                                | : | Applied – annual shareholders' approval for independent directors serving beyond 9 years  |
| <b>Explanation on application of the practice</b> | : | <p>As at the date of this annual report, three (3) out of six (6) independent directors of Pertama Digital have served on the Board for more than nine (9) consecutive years. Their names and length of services are as follows:</p> <p>a) Datuk Dr. Ng , the independent non-executive Chairman who is also Chairman of the AC and a member of both NC and RC, was appointed to the Board on 27 January 2006 and has served Pertama Digital for a cumulative term of fourteen (14) years.</p> <p>b) Mr. Low Yan Seong ("Mr. Low"), independent director, Chairman of the NC and member of both AC and RC, was appointed to the Board on 28 June 2010 and has served Pertama Digital for a cumulative term of ten (10) years.</p> <p>c) Encik Wan Kamarul Zaman ("Encik Wan"), independent director, Chairman of the RC and member of the AC, was appointed to the Board on 28 June 2010 and has served Pertama Digital for a cumulative term of ten (10) years.</p> <p>The Board has reviewed and assessed the independence of all three (3) independent directors. The Board opined that their length of service does not in any way jeopardize or impair the exercise of their independent judgement and capability to act in the best interest of the Group at all times.</p> <p>However, as recommended by the MCCG, the retention of Datuk Dr. Ng, Mr. Low and Encik Wan shall be tabled for shareholders' approval at the forthcoming AGM to be held fully virtual on 27<sup>th</sup> June 2022.</p> <p>Pertama Digital does not implement a two-tier voting process but only single tier voting process as the Board is of the opinion that the tenure of service of the independent directors does not in any way jeopardize</p> |

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|  | their independence. |  |
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| <b>Measure</b>   | :                   |  |
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**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.*

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| <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.

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| <b>Application</b>   | : | Applied.  |
| <b>Explanation on application of the practice</b>  | : | <p>Appointment of all Board and senior management members are in effect based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The NC discloses its policy on gender diversity when considering the candidates for appointment of directors and employment of senior management staff ("Candidates"). However, at the moment, it has yet to set a definite target and time frame to achieve this. Pertama Digital will not discriminate female Candidates. Instead, it will evaluate Candidates on merits basis and will emphasize on consideration of suitability of their skills and professional background to fulfil needs of the Group.</p> |
| <b>Explanation for departure</b>   | : |   |
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### 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.

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|---|---|---|
| <b>Application</b>                                | : | Applied.  |
| <b>Explanation on application of the practice</b> | : | <p>The Board confirms that it does not solely rely on recommendations from existing Board members, management or major shareholders in identifying new candidates for the appointment of directors.</p> <p>The Board delegates to the NC the responsibility of recommending the appointment of any new director. The NC is responsible to ensure that the procedures for appointing new directors are transparent and rigorous and that appointments are made on merits.</p> <p>Through the NC, the Board will consider recommendations from existing Board members, management, major shareholders and third-party sources to identify suitably qualified candidates, when necessary. New Board candidates proposed to fill vacancy arises from resignation, retirement or any other reasons will be reviewed by NC before recommending to the Board for further deliberation.</p> <p>The evaluation process may include, reviewing the candidate's resume, biographic information, qualifications, skills, knowledge, experiences, expertise, competencies and his/her understanding of the Group's business environment.</p> <p>The Board utilises independent sources to identify suitably qualified candidates from its various contracts and business connections. As directed, if the selection of candidates were based on recommendations made by existing directors, management or major shareholders, the NC shall provide the necessary justification to the Board.</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

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

### Practice 5.7

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

|   |   |  |  |
|---|---|--|--|
| Application   | : | Applied  |  |
| Explanation on application of the practice  | : | The Board ensures that all shareholders have the information they require to make an informed decision on the appointment and reappointment of any director, by expressly providing the background information of the proposed candidate which includes education background, working experiences and other directorship. Declaration of any interest, position and relationship will also be disclosed. |  |
| 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 5.8**

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The NC is chaired by Mr Low, who is an independent non-executive director.</p> <p>Mr. Low is an experienced corporate finance professional who possesses insights in various industries through years of working experience in the corporate finance advisory and auditing experience in the earlier years of his career.</p> <p>In addition, Mr. Low has overseas working experience which is an added advantage in performing human capital management, especially evaluating the qualification, professional competency and relevant working experience.</p> |
| <b>Explanation for departure</b>   | : |  |
|  |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |
|  |   |  |

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

|  |   |   |  |
|--|---|---|--|
| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | Pertama Digital has yet to set a definite target and time frame to achieve this. Instead, Pertama Digital is taking a stance that it will consider appointing female directors if conditions of Candidates match the search criteria of Pertama Digital. However, it is important to note that Pertama Digital does not discriminate against female Candidates. |  |
|  |   | All Candidates will be evaluated on merits basis and with emphasis on the suitability of their skills and professional qualifications as the case may require.  |  |
| <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 5.10**

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

|   |   |  |  |
|---|---|--|--|
| Application   | : | Applied  |  |
| Explanation on application of the practice  | : | <p>There is no gender restriction expressed in Pertama Digital’s policy and Pertama Digital discloses its policy on gender diversity, when considering the Candidates.</p> <p>Pertama Digital is taking a stance that it will consider appointing female directors and senior management staff if conditions of Candidates match the search criteria of Pertama Digital. Pertama Digital does not discriminate against female Candidates.</p> <p>Similar to the other statement under Practice 5.9, all Candidates will be evaluated on merits basis and with emphasis on the suitability of their skills and professional qualifications as the case may require.</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

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>The Board has made it an annual agenda to perform assessment on Board and Board Committee effectiveness in addition to self-evaluation of individual directors ("Evaluation"). Objectives of the Evaluation is to assess the performance and understanding of each director in the capacity of director in a listed company, their insights over the strength and weaknesses of Pertama Digital and/or Group and any obstacles faced and/or co-operation that the management had rendered during the course of carrying out their fiduciary duties as directors.</p> <p>The Board effectiveness was assessed from the following aspects:-</p> <ul style="list-style-type: none"><li>a) Board's responsibilities</li><li>b) Board composition</li><li>c) Interaction and engagement with the management</li><li>d) Roles of the independent Chairman and GMD, in functioning of the Board as a whole.</li></ul> <p>Besides, the independent directors also undergo independence evaluation as per requirements in the Listing Requirements. The intention is to assess and confirm independence of independent directors. All independent directors confirmed their independence for the current reporting financial year ended 31 December 2021.</p> |
| <b>Explanation for</b>   | :   |

|  |  |  |
|--|--|--|
| <b>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 7.1

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

|   |   |  |
|---|---|--|
| <b>Application</b>                                | : | Applied  |
| <b>Explanation on application of the practice</b> | : | <p>The Group has drawn up a policy on the remuneration ("Policy") of executive and non-executive directors. The Policy is aimed at providing a proper, systematic and documented set of procedures as guidelines for the RC to determine the remuneration packages of directors. In order to achieve effective talent management, there need to be a fair reward system to attract, retain and motivate the directors.</p> <p>Factors that determine the remuneration of directors:-</p> <ul style="list-style-type: none"><li>a) Expertise, professional or industrial background and the urgency of Pertama Digital and/or its subsidiaries to fill the directorship and/or senior management positions vacancies</li><li>b) Management experience</li><li>c) Availability of candidates with similar talents and professional expertise</li><li>d) Market rates of director's salary / fees</li><li>e) Market practices of other benefits</li><li>f) Performance and contribution of a director towards the success and financial performance of the group and/or its subsidiaries</li></ul> <p>The Policy is reviewed from time to time to ensure its relevance to the prevailing market conditions.</p> |
| <b>Explanation for</b>                            | : |  |

|  |   |  |
|--|---|--|
| <b>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 Board has delegated to RC the matters related to the remuneration of directors and senior management staff.</p> <p>The RC works under the guidance of a remuneration policy and procedures drawn up as formal guidelines when acting in the capacity of RC as a whole.</p> <p>There is a clear set up on powers and authority that the RC members can exercise.</p> <p>The Terms of Reference of the RC is accessible on the Governance page of the corporate 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**

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> | : | Pertama Digital has disclosed the remuneration of individual directors in detail on a named basis in its annual report commencing from the current reporting financial period, including the respective amount of directors' salary (applicable to executive directors) / directors' fees (applicable to non-executive directors), bonuses, contribution to defined benefits schemes and insurance schemes. |

| 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 Dr. Ng Bee Ken  | Independent Non-Executive Chairman   | RM90,000       | RM14,000  | -      | -     | -                | RM104,000        | -        | RM90,000     | RM14,000  | -         | -     | -                | -                | RM104,000 |
| 2  | Pan Ding  | GMD / Executive Director             | -              | -         | -      | -     | -                | -                | -        | -            | RM12,000  | RM717,408 | -     | -                | -                | RM729,408 |
| 3  | Pan Dong  | Executive Director                   | -              | -         | -      | -     | -                | -                | -        | -            | RM8,000   | RM698,400 | -     | -                | -                | RM706,400 |
| 4  | Sabri Bin Abdul Rahman  | Executive Director .                 | -              | RM7,000   | -      | -     | -                | -                | RM7,000  | -            | RM7,000   | RM758,333 | -     | -                | -                | RM765,333 |
| 5  | Tun Dato' Seri Zaki Bin Tun Azmi  | Independent Non-Executive Director . | RM54,000       | RM11,000  | -      | -     | -                | -                | RM65,000 | RM54,000     | RM11,000  | -         | -     | -                | -                | RM65,000  |
| 6  | Dato' Dr Suhazimah Binti Dzazali  | Independent Non-Executive Director   | -              | RM6,000   | -      | -     | -                | -                | RM6,000  | RM41,000     | RM6,000   | -         | -     | -                | -                | RM47,000  |
| 7  | Low Yan Seong   | Independent Non-Executive Director   | RM54,000       | RM14,000  | -      | -     | -                | -                | RM68,000 | RM54,000     | RM14,000  | -         | -     | -                | -                | RM68,000  |
| 8  | Wan Kamarul Zaman Bin Wan Yaacob  | Independent Non-Executive Director . | RM54,000       | RM14,000  | -      | -     | -                | -                | RM68,000 | RM54,000     | RM14,000  | -         | -     | -                | -                | RM68,000  |
| 9  | Abel Goon Chun Hoe (appointed after the financial period ended 31 December 2021)      | Independent Non-Executive Director . | -              | -         | -      | -     | -                | -                | -        | -            | -         | -         | -     | -                | -                | -         |
| 10 | Wong Yoke Nyen (recently appointed after the financial period ended 31 December 2021) | Independent Non-Executive Director   | -              | -         | -      | -     | -                | -                | -        | -            | -         | -         | -     | -                | -                | -         |

**Intended Outcome**

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

**Practice 8.2**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The remuneration of Pertama Digital's top senior management is disclosed on a named basis. |  |
| <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>   | : |  |  |

| No | Name                 | Position                          | Company |           |       |          |                  |         |
|----|----------------------|-----------------------------------|---------|-----------|-------|----------|------------------|---------|
|    |                      |                                   | Salary  | Allowance | Bonus | Benefits | Other emoluments | Total   |
| 1  | Pan Ding             | Group Managing/Executive Director | -       | -         | -     | -        | -                | -       |
| 2  | Pan Dong             | Executive Director                | -       | -         | -     | -        | -                | -       |
| 3  | Sabri Bin Ab. Rahman | Executive Director                | -       | RM7,000   | -     | -        | -                | RM7,000 |

**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>                             | : | Applied   |
| <b>Explanation on adoption of the practice</b> | : | The detailed remuneration of each member of the senior management team has been disclosed on a named basis. |



| No | Name                 | Position                                   | Company ('000) |           |       |          |                  |         |
|----|----------------------|--|----------------|-----------|-------|----------|------------------|---------|
|    |                      |  | Salary         | Allowance | Bonus | Benefits | Other emoluments | Total   |
| 1  | Pan Ding             | Group Managing Director/Executive Director | -              | -         | -     | -        | -                | -       |
| 2  | Pan Dong             | Executive Director                         | -              | -         | -     | -        | -                | -       |
| 3  | Sabri Bin Ab. Rahman | Executive Director                         | -              | RM7,000   | -     | -        | -                | RM7,000 |

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.1

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

|   |   |   |  |
|---|---|---|--|
| Application   | : | Departure   |  |
| Explanation on application of the practice  | : |   |  |
| Explanation for departure   | : | The positions of the Chairman of the Board and Chairman of the AC”) are both held by Datuk Dr. Ng, who is the independent non-executive director of Pertama Digital. However, through the presence of independent directors on board, an effective mechanism of check and balance already been implemented, which is the same intention of establishing the AC specifically to oversee financial reporting and audit matters. In addition, the terms of reference of AC has clearly laid down roles and responsibilities of AC members. |  |
|   |   | Therefore, despite the fact that Datuk Dr. Ng holds the position as Chairman for the Board and AC, being a well-trained legal professional, his objectivity and independence is least possible to be impaired given the degree of professionalism from Pertama Digital’s interaction with and understanding of Datuk Dr. Ng. All Board members are well aware of that ultimately, the Board is collectively responsible for overseeing all matters pertaining to the Group.   |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| Measure   | : |   |  |
| Timeframe   | : |   |  |

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | Presently, the Board has no intention to appoint a former partner of its external audit firm as AC members. |  |
|  |   |   |  |
| <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 Board has set up and delegated to the AC the duties of reviewing matters relating to audit and financial reporting of the Group.</p> <p>All members of the AC are independent non-executive directors who are and have been effective in maintaining their impartiality and objectivity when performing their duties.</p> <p>Under the leadership of the independent non-executive Chairman of the Board, the objectivity and impartiality of the Board is observed and maintained at all times.</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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

|  |   |   |
|--|---|---|
| <b>Application</b>                             | : | Applied   |
| <b>Explanation on adoption of the practice</b> | : | All members of the AC are independent non-executive directors of Pertama Digital. |

### 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>All members of the AC have professional qualifications, detailed are as follows:</p> <p>a) Datuk Dr. Ng is the Chairman of AC. Apart from holding several law and other qualifications, i.e. Bachelor of Law (Honours) from University of Wales, Cardiff, Master of Laws from King's College, London, a certified mediator of the Malaysian Mediation Centre, Master of Science (Corporate Communication), University of Putra, Malaysia and Doctor of Divinity, Datuk Dr. Ng is also an Associate of the Association of Costs and Executive Accountants, England.</p> <p>b) Mr. Low is a fellow member of The Association of Chartered Certified Accountants and a practicing corporate finance professional.</p> <p>c) Encik Wan has respectable exposure and experience in the banking industry through his working experience in earlier years.</p> <p>In conclusion, all AC members are financially literate and able to understand matters under the purview of AC, including the financial reporting process.</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

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>  | : | The Group has established a risk management and internal control ("RMIC") framework to manage risk that the Group faces.<br><br>The RMIC framework encompasses an RMIC system and procedures that anticipate and respond to the risk factor that the Group faces in its overall operating environment. Besides, there are policies and procedures being drawn up and adopted on key operating areas. |  |
| <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>The Board discloses the following information about the risk management and internal control system ("RMIC") framework established and currently adopted by the Group in a statement on RMIC in the annual report :-</p> <p>RMIC of the Group is operated on a basis of separation of duties and responsibilities between the Board and management of the Group:</p> <ul style="list-style-type: none"><li>a) The board has duties of overseeing and assessment of the RMIC system and procedures and ensuring timely response and updates on issues;</li><li>b) Management of the Group has duties of identifying and implementation of rectification and reporting to the AC. At the moment, the Group has yet to established a Risk Management Committee.</li></ul> <p>Other information about the Group's RMIC framework includes roles of the internal auditor (outsourced to a third party firm) and their report on the strength and weaknesses of key control areas, internal procedures that require periodical update to the Board on matters relating to key risk areas, mitigation measures taken and results of those measures, and, roles of the external auditors who reports the outcome of discussion with management on deficiency of internal control that were discovered during the course of auditing.</p> <p>In the statement on RMIC, the Board also concurs that despite that the RMIC framework was set up to manage and address risk issues, the RMIC system has inherent limitations that risks can be mitigated but not eliminated entirely.</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**

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

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

**Practice 10.3 - Step Up**

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

|  |   |             |
|--|---|-------------|
| <b>Application</b>                             | : | Not Adopted |
| <b>Explanation on adoption of the practice</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 11.1**

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 Group has been outsourcing its internal audit function to a third-party firm.</p> <p>As such, there is no question about its effectiveness and being able to function independently from the AC.</p> <p>In the current financial period, OAC Consulting Sdn. Bhd. was the appointed outsourced internal auditor to review the Anti-Bribery and Corruption Framework of the Group via completing a GAP analysis on the adequate procedures by the Malaysian government.</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>  | : | The Group has since outsourced its internal audit functions to a third-party firm in Kuala Lumpur.<br><br>Similar to the info under Practice 11.1, OAC Consulting Sdn. Bhd. was the appointed outsourced internal auditor to review the Anti-Bribery and Corruption Framework of the Group via completing a GAP analysis on the adequate procedures by the Malaysian government. The analysis was conducted independently from a third-party perspective; brief info on the auditor functions and analysis conducted are disclosed in the annual report. |  |
| <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>The Group uses the following channels to communicate with stakeholders:</p> <ul style="list-style-type: none"> <li>a) Corporate website;</li> <li>b) Announcements on Bursa Malaysia website;</li> <li>c) Annual reports; and</li> <li>d) General meetings (annual and extraordinary).</li> </ul> <p>The above channels are effective, transparent and serves to maintain regular communication with its all of its stakeholders.</p> |
| <b>Explanation for departure</b>   | : |  |
|  |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |
|  |   |  |

**Intended Outcome**

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

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

**Practice 12.2**

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

|  |   |  |
|--|---|--|
| <b>Application</b>   | : | Departure  |
| <b>Explanation on application of the practice</b>  | : |  |
| <b>Explanation for departure</b>   | : | <p>For all intents and purposes, Pertama Digital does not meet the criteria of being considered as a large company as defined in the Malaysian Code of Corporate Governance 2017 as follows:-</p> <p>a) Companies on the FTSE Bursa Malaysia Top 100 Index; or</p> <p>b) Companies with market capitalisation of RM2 billion or above.</p> <p>Therefore, Pertama Digital is not obliged to apply Practice 12.2 as such regulation would appear to be non-applicable.</p> |
| <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 13.1**

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

|   |   |   |  |
|---|---|---|--|
| Application   | : | Applied. .  |  |
| Explanation on application of the practice  | : | For the financial year 2021, Pertama Digital is fully in observance of this recommended practice of giving notice of an Annual General Meeting at least 28 days prior to the meeting. |  |
| Explanation for departure   | : |   |  |
|   |   |   |  |
| Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below. |   |   |  |
| Measure   | : |   |  |
| Timeframe   | : |   |  |
|   |   |   |  |



**Intended Outcome**

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

**Practice 13.2**

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

|  |   |  |  |
|--|---|--|--|
| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>All directors attended the 36th Annual General Meeting (“AGM”) held on 8 December 2020, which was held virtually through live streaming and using RPV facilities. Due to travel restrictions imposed during that point of time to curb the spread of Coronavirus, both foreign directors attended the AGM via video call.</p> <p>At the AGM, shareholders are welcomed to raise questions via RPV facilities and their questions were addressed by the Executive Directors accordingly.</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>Pertama Digital will be holding a hybrid of virtual and physical Annual General Meeting on 27 June 2022, to accommodate attendees with travel restrictions. For those who attend virtually, there will be remote participation and voting by shareholders.</p> <p>For all intents and purposes, Pertama Digital has taken the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.</p> |
| <b>Explanation for departure</b>   | : |  |
|  |   |  |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |  |
| <b>Measure</b>   | : |  |
| <b>Timeframe</b>   | : |  |
|  |   |  |

### Intended Outcome

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

### Practice 13.4

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

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

|  |   |   |
|--|---|---|
| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Pertama Digital takes cognisance of this requirement under Practice 13.4 and confirms that the Chairman of the Board ensures that meaningful engagement between the Board, senior management and shareholders are always observed.</p> <p>The discussions are pertaining to the businesses of the Group, the financial and non-financial performance as well as the Group's long-term strategies moving forward.</p> <p>All questions from shareholders are addressed during the General Meeting and questions are answered to the best of Pertama Digital's knowledge and information that it has at present.</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>For all intents and purposes, Pertama Digital has taken all reasonable and necessary steps to ensure that the conduct of a general meeting (hybrid) supports a meaningful engagement between the Board, senior management and shareholders.</p> <p>This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting, interactive participation by shareholders and as well as data privacy and security to prevent cyber threats or the likes.</p> <p>All questions posed by shareholders are made known or visible to all meeting participants during the 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**

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>  | : | <p>The immediate last general meeting of Pertama Digital was held in year 2020, prior to the issuance of the updated Malaysian Code on Corporate Governance which recommends the minutes of general meeting to be circulated to shareholders no later than 30 business days after the general meeting.</p> <p>Pertama Digital will ensure that minutes of its forthcoming general meeting be posted on its corporate website within 30 business days after the general meeting for viewing by the shareholders.</p> |
| <b>Explanation for departure</b>   | : |   |
|  |   |   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
| <b>Measure</b>   | : |   |
| <b>Timeframe</b>   | : |   |

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

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

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