

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities))

The Board of Directors' (Board) believes that strong corporate governance practices enable Pharmaniaga Berhad (Pharmaniaga) and its subsidiaries (collectively, the Group) to operate more efficiently, effectively, mitigate risks and facilitate better oversight of the business, management and operations of the Group. A well-defined and well-structured corporate governance framework is in place to support the Board's aim of achieving long-term and sustainable value, as well as imbibing a culture that values ethical behaviour, integrity and respect to protect shareholders' and stakeholders' interests at all times.

The emergence of the novel coronavirus (COVID-19) pandemic presents the Board with a complex new reality and a challenge to ensure that the Group's corporate governance framework remains resilient and is able to adapt to the demands of a rapidly changing operating environment. To this end, the Board remains steadfast to overcome the challenges for transparency, participation and accountability.

This Corporate Governance Overview Statement sets out the principal features of Pharmaniaga and the Group's corporate governance approach, summary of corporate governance practices during the year under review, as well as key focus areas and future priorities in relation to corporate governance. Guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (4th edition) issued by Bursa Securities.

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG). The updated MCCG dated 28 April 2021 introduced a number of new practices and guidance to listed issuers with the aim of strengthening their corporate governance culture.

The Corporate Governance Report is available on the Group's website, www.pharmaniaga.com as well as via announcement made on the website of Bursa Securities. This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Integrated Report, namely Statement on Risk Management and Internal Control, Audit Committee Report and the Sustainability Report.

CORPORATE GOVERNANCE APPROACH

The Board of Pharmaniaga is committed towards reinforcing its market position in the pharmaceutical sector, whilst remaining true to the Group's well-established corporate governance philosophies which are ingrained in the Group's core values, namely, Respect, Integrity, Teamwork and Excellence. The Board believes that a robust and dynamic corporate governance framework is essential to form the bedrock of responsible and responsive decision making in the Group. The Group's overall approach to corporate governance is to:

- promote heightened accountability at the leadership level (Board and Senior Management);
- adopt the substance behind corporate governance enumerations and not merely in form;
- conduct a thorough debate and rigorous enquiry process before establishing corporate governance systems, policies and procedures;
- identify opportunities to drive the synergistic implementation of corporate governance systems, policies and procedures for improved strategic and operational decision making; and
- find a fine balance in meeting the expectations of all stakeholders within the Group.

Given that the Board forms the pivot of good corporate governance, the Board steers efforts to promote meaningful and thoughtful application of good corporate governance practices. The Group regularly reviews its corporate governance arrangements and practices to ascertain if they reflect prevailing norms, market dynamics, emerging trends, developments in the regulatory tapestry and evolving stakeholder expectations.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment to sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other best practices. Pharmaniaga has applied all the Practices encapsulated in the MCCG for the financial year ended 31 December 2022 with the exception of:

- Practice 5.9** : 30% women directors.
- Practice 7.1** : Remuneration Policy for Directors and Senior Management.
- Practice 8.2** : Disclosure of the top five (5) Senior Management personnel's remuneration on a named basis in bands of RM50,000.

In line with the latitude accorded in the application mechanism of the MCCG, the Company has provided explanation for the departure from the said Practices, supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of the MCCG are available in the Corporate Governance Report.

A summary of the Group's corporate governance practices with reference to the MCCG is described below.

BOARD'S ROLES AND RESPONSIBILITIES

The Board's primary role is to determine Pharmaniaga's strategic objectives and policies to deliver sustainable value to its shareholders. In ensuring the protection and enhancement to shareholder value, it takes into account the interest of stakeholders, customers, suppliers, regulators, non-governmental organisations and the general public, amongst others. The Board is ultimately accountable for the performance of the Group, governs its affairs on behalf of the shareholders and retains full and effective control over it. To this end, the Board sets goals, policies and targets within a framework of prudent and effective controls which enables risk to be assessed and managed. Additionally, the Board ensures the necessary resources and capabilities are in place to deliver its strategic aims and objectives.

The following are the Board's principal roles and responsibilities in discharging its leadership function and fiduciary duties towards meeting the goals and objectives of the Group:

- a) Reviewing and adopting a strategic plan
- b) Monitoring the conduct of business
- c) Reviewing the adequacy and integrity of information and internal control systems and identifying principal risks and implementation of appropriate internal controls and mitigation measures
- d) Reviewing and adopting a strategic plan which supports long-term value creation and business sustainability
- e) Succession planning
- f) Ensuring effective communication with stakeholders

The roles and responsibilities of the Chairman and the Chief Executive Officer* are separated by a clear division of responsibilities which are defined and approved by the Board in line with best practices to ensure the appropriate supervision of Management. This distinction allows for a better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with a focused approach, facilitates efficiency and expedites informed decision-making. Whilst the Chairman provides leadership to the Board, the responsibility for the overall business and day-to-day management of Pharmaniaga is delegated to the Chief Executive Officer. The Chief Executive Officer is responsible for leading the Management and implementing operational decisions. The Chief Executive Officer has been delegated certain powers to execute transactions that are guided by rules and procedures and in accordance with the authority limits as defined and formalised.

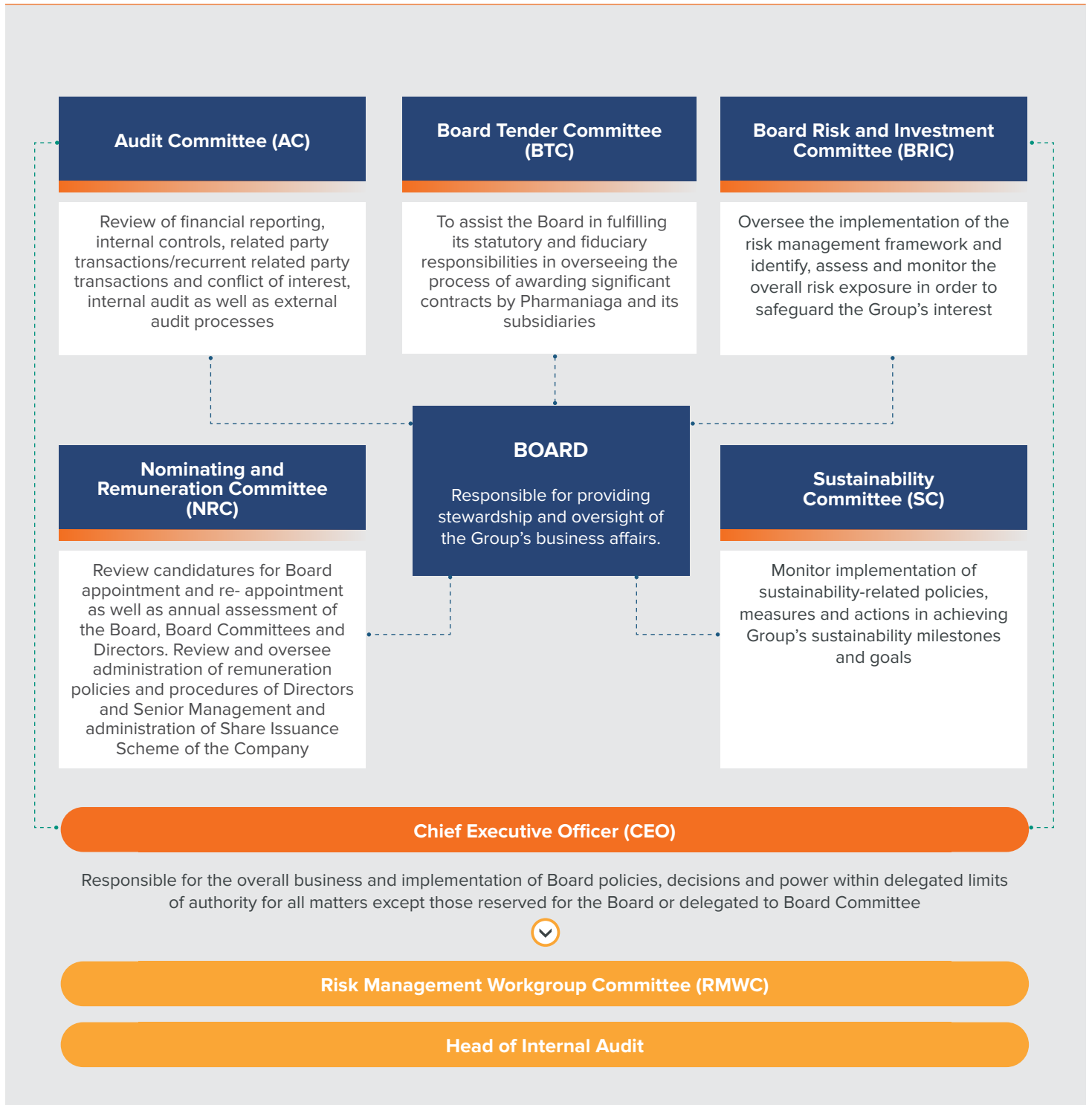
In performing their duties, the Board is supported by two professionally qualified and competent joint Company Secretaries who, under the direction of the Chairman, are accountable for all matters with regard to the proper functioning of the Board as well as to facilitate effective information flows within the Board and Board Committees and between Senior Management and the Non-Executive Directors.

All Directors have access to the advice and services of the Management and Company Secretaries on matters relating to the Group and necessary compliance by the Group. The Directors, in their individual capacity or collectively, may seek independent professional advice in furtherance of their duties, whenever necessary and in appropriate circumstances at the Company's expense.

The joint Company Secretaries attend all meetings of the Board and Board Committees and advise the Directors on the requirements of the Company's Constitution and legislative promulgations such as the Companies Act 2016, Capital Markets and Services Act 2007 (Amendment 2012) MMLR of Bursa Securities.

**The position of the Group Managing Director has been redesignated to Chief Executive Officer on 22 February 2023*

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GOVERNANCE FRAMEWORK

The Board discharges its responsibilities within a clearly defined governance framework and robust mechanisms in place. Through the framework, the Board delegates its governance responsibilities to the Committees of the Board and other Management Committees. The Board retains ultimate accountability and responsibility for the performance and affairs of the Company and ensures that the Group adheres to high standards of ethical behaviour.

The table on previous page illustrates the Group's governance structure and an overview of the key Board Committees and Management Committee:

As depicted in the table, the Board is assisted by five (5) Board Committees in its oversight function with reference to specific responsibility areas. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance.

The Board has formalised a Board Charter which serves as the primary source of reference on the governance together with roles and responsibilities of the Board, Board Committees and individual Directors. The Board Charter is available on the Group's website, www.pharmaniaga.com.

ATTENDANCE AT BOARD MEETINGS

In accordance with the Company's Constitution, the Board is required to meet at least four (4) times a year. The dates of these scheduled meetings are determined well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on an ad hoc basis to deliberate urgent matters. All Directors attended at least 75% of all Board meetings held during the financial year under review. Board members are given the flexibility to attend meetings virtually or physically during the year. Members of the Senior Management were also invited to attend selected Board meetings to support the Board with further information on the matters being deliberated.

During the financial year under review, the Board deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, financial results as well as key performance indicators. Directors must immediately declare if they have any interest in transactions that are to be entered into directly or indirectly with the Company. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after they become aware of the conflict of interest. They must also abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party.

Board meetings are convened immediately following the finalisation of the Company's quarterly and annual results for the Board to review and approve prior to announcements to Bursa Securities.



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The attendance of individual Directors at Board and Board Committees meetings during the financial year ended 31 December 2022 is outlined below:

Director	Board	AC	NRC	SC	BRIC
Executive Directors					
Datuk Zulkarnain Md Eusope	11/11	-	-	-	-
Zulkifli Jafar ¹	11/11	1/1	3/4	-	1/1
Non-Independent Non-Executive Chairman					
Izaddeen Daud ²	11/11	4/4	8/8	-	-
Datuk Seri Zainal Abidin Mohd Rafique ³	11/11	-	-	-	-
Independent Non-Executive Directors					
YB Senator Datuk Dr. Haji Azhar Ahmad	11/11	-	-	1/3	-
Dato' Dr. Najmil Faiz Mohamed Aris ⁴	11/11	-	2/2	3/3	2/2
Dr. Abdul Razak Ahmad ⁵	11/11	4/4	8/8	3/3	3/3
Sarah Azreen Abdul Samat	11/11	4/4	8/8	-	4/4
Datuk Lim Thean Shiang ⁶	3/3	2/2	2/2	-	3/3
Dr. Mary Jane Cardoso ⁷	2/3	-	-	2/2	2/2
Non-Independent Non-Executive Directors					
Ahmad Shahredzuan Mohd Shariff ⁸	0/0	0/0	0/0	-	-
Dato' Sri Mohammed Shazalli Ramly ⁹	10/10	-	-	-	-

Notes:

¹ Resigned as Members of AC, NRC & BRIC on 1 March 2022

² Resigned as Non-Independent Non-Executive Chairman and resigned as member of AC on 22 February 2023

³ Non-Independent Non-Executive Chairman until 31 January 2023

⁴ Independent Non-Executive Director until 31 January 2023

⁵ Resigned as Senior Independent Non-Executive Director on 22 February 2023

⁶ Appointed as Independent Non-Executive Director on 20 July 2022 & Chairman of BRIC on 4 August 2022

⁷ Appointed as Independent Non-Executive Director on 20 July 2022

⁸ Appointed as Non-Independent Non-Executive Director on 22 February 2023

⁹ Non-Independent Non-Executive Director until 30 November 2022

Board/Board Committee Chairman

Member

BOARD COMPOSITION

During the financial year under review, the Board saw changes to its composition. On 1 February 2022, Datuk Seri Zainal Abidin Mohd Rafique* was appointed as the Company's Non-Independent Non-Executive Chairman replacing Dato' Sri Mohammed Shazalli Ramly who was redesignated as Non-Independent Non-Executive Director and later resigned on 30 November 2022. Encik Zulkifli Jafar, Independent Non-Executive Director, was redesignated as the Company's Executive Director with effect from 1 March 2022. The Board also welcomed two (2) new Directors, namely, Datuk Lim Thean Shiang and Dr Mary Jane Cardosa as Independent Non-Executive Directors on 20 July 2022.

As of the date of this report, Dato' Dr Najmil Faiz Mohamed Aris, Independent Non-Executive Director has resigned on 31 January 2023, Dr. Abdul Razak Ahmad has been redesignated as the Senior Independent Non-Executive Director on 22 February 2023 and Encik Ahmad Shahredzuan Mohd Shariff was appointed as the Independent Non-Executive Director on the same date.

Due to the appointment and resignation, the Board has seven (7) Directors, five (5) of whom are Independent Non-Executive Directors. Presently, the Board has two (2) female Directors. The NRC and the Board fully recognise the need to re-balance the Board and have factored this in their succession planning. Nonetheless, whilst sufficient emphasis is placed on recruiting women Directors, appointments to the Board will be based on merits and credentials of each candidate under evaluation.

** Datuk Seri Zainal Abidin Mohd Rafique has resigned on 31 January 2023 and is replaced with Encik Izaddeen Daud with effect from 22 February 2023*

In accordance with the Company's Constitution, one-third of the Directors shall retire from office at every annual general meeting and all Directors shall retire at least once in every three years. If eligible, retiring Directors may offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next annual general meeting following their appointments.

The composition of the Independent Directors on the Board exceeds the MMLR of Bursa Securities's requirement that one-third of the Board is independent. The Board is supported by the Chief Executive Officer and Senior Management in ensuring that there is an effective and fair representation for the shareholders, including minority shareholders. The Board strives to ensure that it has an appropriate and collective mix of skills, qualifications, expertise, diversity to add value to Board processes and decisions. The Board, from time to time undertakes a review of its composition to determine areas of strengths and improvement opportunities.

The oversight on the overall composition of the Board and Board Committees resides within the Nominating and Remuneration Committee (NRC). Appointments to the Board are made via a formal rigorous and transparent process. The NRC is guided by qualitative and quantitative criteria when assessing the suitability of Directors for nomination, such as qualifications, skills, experiences, professionalism, integrity and diversity. In the case of Independent Non-Executive Directors, the NRC assesses the candidate's ability to bring the element of detached impartiality and objective judgment to the boardroom deliberations.

The Board, with the assistance of the NRC, regularly assesses the skills, experiences, independence and diversity required collectively for the Board to effectively fulfil its roles. The Board was satisfied that there was mutual respect amongst Directors which contributed to a democratic environment that allowed for constructive deliberations and a robust decision-making process.

The Board reviews and evaluates annually its performance and that of the Board Committees as well as individual Directors based on a set of predetermined criteria in a process that is facilitated by the NRC.

INDEPENDENCE OF THE BOARD

The Board recognises the importance and contributions of Independent Non-Executive Directors. They provide objectivity, impartiality and independent judgement to the Board and ensure check and balance. Their presence provides unbiased and independent views, advice and opinion to safeguard the interests of minority shareholders.

To date, all five (5) Independent Non-Executive Directors satisfy the following criteria:

- independent from Management and any other relationship that could interfere with their independent judgment or the ability to act in the best interest of the Company;
- not involved in the day-to-day operations of the Company;
- declared their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings.

In reviewing the independence of Independent Non-Executive Directors, the NRC and Board adopt a qualitative approach in assessing if the Independent Non-Executive Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour.

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BOARDROOM DIVERSITY

Diversity is important to ensure the Company remains relevant, resilient and sustainable in the rapidly transforming and evolving business environment. In this regard, the NRC is empowered to review and evaluate the composition and performance of the Board annually as well as assess qualified candidates to occupy Board positions.

The Board will take the necessary measures to ensure that in every possible event, boardroom diversity will be accounted for in the Board appointment as well as annual assessment.

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.

The Company also provides a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation on the Board.

The Board further acknowledges the benefits of having diversity in the boardroom in terms of age demographics, which would create professional environments that are rich with experience and maturity as well as youthful exuberance. The Board does not set any specific target for boardroom diversity but will work towards having appropriate age diversity on the Board.

Whilst it is important to promote diversity, Directors are selected based on various factors, i.e. effective blend of competencies, skills, experience and knowledge on the industry or other identified areas in order to carry out effectively the Board's functions and duties. The Board is committed to ensuring that its composition does not only reflect diversity but will also have the right mix of skills and balance to contribute to the achievement of the Company's goals.

INDUCTION PROGRAMME

The Company Secretaries are tasked with facilitating the induction of newly appointed Directors in order to familiarise the new Directors with the business of the Group. The new Directors will receive a comprehensive onboarding programme, conducted by the Senior Management covering key areas of the business, an overview of the Group's financial risk management processes and operations of the Company, amongst others. Directors were also updated on ongoing potential projects undertaken by the Group.

Upon appointment, the Company will arrange for newly appointed members who are also inaugural directors of listed issuers to attend the Mandatory Accreditation Programme (MAP) as mandated by Paragraph 15.08 and Practice Note 5 of the MMLR of Bursa Securities.

REMUNERATION

The Board delegates to the NRC the responsibility to set the overarching principles, parameters and governance framework relating to the Group's remuneration matters. To attract and retain high-calibre Directors and Senior Management in order to run the business successfully, Pharmaniaga aims to set remuneration at levels that are sufficient, taking into consideration all relevant factors including the function, workload and responsibilities involved. The Board acknowledges the importance of motivating quality people to lead, manage and serve the Company in a competitive environment. Hence, the appropriate level of remuneration is essential to enhance the long-term interests of the stakeholders.

A review on the quantum and composition of the Chief Executive Officer and Senior Management's remuneration is undertaken once every three (3) years, and once in every four years for Non-Executive Directors.

The details for the remuneration of Directors for the financial year ended 31 December 2022 for the Group are as follows:



Directors	Fees		Salaries	Bonuses	EPF and SOCSO	Benefit in Kind	Other Allowances		Total	
	Company RM	Group RM	Company RM	Company RM	Company RM	Company RM	Company RM	Group RM	Company RM	Group RM
Executive Directors										
Datuk Zulkarnain Md Eusope	–	–	1,350,000	680,000	314,502	7,200	60,000	60,000	2,411,702	2,411,702
Zulkifli Jafar	20,167	20,167	800,000	–	128,348	6,000	59,429	60,929	1,013,944	1,015,444
Non-Executive Directors										
Datuk Seri Zainal Abidin Mohd Rafique ¹	155,833	155,833	–	–	–	–	10,500	13,500	166,333	169,333
Dato' Sri Mohammed Shazalli Ramly ²	89,167	89,167	–	–	–	–	11,500	17,500	100,667	106,667
YB Senator Datuk Dr. Azhar Ahmad	95,000	141,250	–	–	–	–	11,500	20,500	106,500	161,750
Dato' Dr. Najmil Faiz Mohamed Aris ¹	97,976	127,976	–	–	–	–	18,000	32,250	115,976	160,226
Dr. Abdul Razak Ahmad ³	121,677	151,677	–	–	–	–	33,000	43,000	154,677	194,677
Izaddeen Daud ⁴	113,548	113,548	–	–	–	–	20,500	20,500	134,048	134,048
Sarah Azreen Abdul Samat	127,226	157,226	–	–	–	–	31,125	48,625	158,351	205,851
Datuk Lim Thean Shiang ⁵	53,069	53,069	–	–	–	–	9,000	9,000	62,069	62,069
Dr. Mary Jane Cardosa ⁵	42,361	42,361	–	–	–	–	6,500	6,500	48,861	48,861
Total	916,025	1,052,275	2,150,000	680,000	442,850	13,200	271,055	332,305	4,473,129	4,670,629

Notes:

¹ Board Member until 31 January 2023² Board Member until 30 November 2022³ Resigned as Senior Independent Non-Executive Director on 22 February 2023⁴ Resigned as Non-Independent Non-Executive Chairman on 22 February 2023⁵ Appointed as Board Member on 20 July 2022**BOARD CONDUCT**

The Board commits itself to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. All Board members discharge their fiduciary duties and responsibilities at all times in the best interest of the Company. They act with integrity, lead by example and keep abreast of their responsibilities as Directors for the business and development of the Company.

In directing or managing the Company's affairs and business, the Board exercises reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.

MATTERS RESERVED FOR THE BOARD

The matters reserved for the Board, amongst others, are set out below:

- Review, approve and adopt the Company's strategic plans and annual budgets
- Declaration of dividends
- Approval of annual financial statements, accounts and quarterly reports
- Acquisitions, divestments or closure of business
- Establishment of new substantial businesses
- Corporate exercises
- Capital investment and disposal of material assets

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OUR SUSTAINABILITY COMMITMENT

The Board is responsible for formulating ongoing programmes to promote sustainability where attention is paid to environment, social and governance (ESG) aspects of business which underpins sustainability.

To support the Group's long-term strategy and success, the Board and Management emphasize strategic management of material sustainability risks and opportunities, which includes integration of ESG factors in their decision-making process and in the Group's operations. The Board considers ESG factors as a component of the Board's fiduciary responsibility and accountable therefore to the oversight and management accountability.

A designated senior employee is tasked to manage the Company's sustainability governance and integrating sustainability considerations in our operations.

In line with the recommendation of the MCCG, the Board will take into account the Company's performance in managing material sustainability risks and opportunities when determining the appropriate level of remuneration for Directors and Senior Management.

Our Sustainability Report for 2022 articulates our commitment to improving the Group's sustainability practices so that we are more competitive, more resilient and adaptable to change. The Report sets out in detail the scope of our sustainability reporting and sustainability framework that addresses stakeholder expectations across various sustainability issues.

AUDIT COMMITTEE

The Audit Committee (AC) was established by the Board to provide independent oversight on the Company's internal and external audit functions, financial reporting processes including the quality of its financial reporting, the internal control systems and to ensure checks and balances within the Company.

The AC is chaired by an Independent Director who is not the Chairman of the Board. All members of the AC have the relevant accounting or related financial management experience or expertise. One of the AC members is a member of the Institute of Public Accountant, Australia, recognised under the MMLR of Bursa Securities.

The members of the AC are equipped with vast experience from various industries and are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit and the state of the Company's risk and internal control environment. The AC has full access to internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The Terms of Reference of the AC are available on the Company's corporate website.

The role of the AC and the number of meetings held during the financial year under review as well as the attendance record of each member are set out in the AC Report of the Integrated Report.

BOARD RISK AND INVESTMENT COMMITTEE

The Board Risk Management Committee has been renamed to Board Risk and Investment Committee (BRIC) on 24 November 2022. The Board is of the view that the function of the BRIC shall be expanded to review key risks, funding options and costs, investment returns associated with the investment of the Company, new partnership, divestments and large capital expenditure projects, among others.

The BRIC consists exclusively of the Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director.

The composition of the BRIC, its duties and responsibilities are set out in the Corporate Governance Report. The BRIC oversees the adequacy of risk management and matters relating to Company's proposed investment within the Group. It also assists the Board in ensuring that the risk exposures and outcomes affecting the Group are effectively managed and addressed by the Board. More specifically, the BRIC is responsible for formulating policies and frameworks to identify, monitor, manage and control material risks impacting the Group. It is also to review all investments and project business cases proposed to be made by the Company before making appropriate recommendation to the Board for approval.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value creation targets by providing risk information to enable better formulation of the Group's strategies and decision making.

For internal audit, the function is carried out by an in-house Group Internal Audit (GIA) from Boustead Holdings Berhad (the immediate holding company of Pharmaniaga). The GIA's function reports directly to the AC, and 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 AC.

Financial Reporting

The Board is committed to provide a fair and objective assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, Integrated Reports and all other reports or statements to shareholders, investors and relevant regulatory authorities.

The statement of Responsibility by Directors in respect of preparation of the annual audited financial statements is set out on page 186.

Risk Management and Internal Control

The Board reviews the risk management processes and internal control procedures to ensure a sound system of risk management and internal control to safeguard shareholders' investments and assets of the Company.

Further information on the Group's risk management and internal control framework is set out in the Statement of Risk Management and Internal Control of the Integrated Report on pages 132 to 141.

BOARD TENDER COMMITTEE

The Board Tender Committee (BTC) is established to assist the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the process of awarding significant contracts by Pharmaniaga and its subsidiaries. The BTC strives to ensure that it has an appropriate mix of skills and experience to discharge its roles and responsibilities effectively based on the BTC's terms of reference.

COMMUNICATION WITH STAKEHOLDERS

Regular communication and engagement between stakeholders and the Company are critical for the sustainable growth of our business as this gives stakeholders a much better insight of the Company and facilitates mutual understanding of each other's expectations. We have therefore consistently maintained a two-way communication and an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors, consumers and the general public, non-governmental associations, industry and trade associations and suppliers. Their views and concerns on the Company's business, its policies on governance, the environment and social responsibility are given due consideration in our decision-making process.

Our annual investor relations engagement programme ordinarily includes one to one meetings, plants or site visits, analysts' briefings, the Annual General Meeting as well as participation in conferences and roadshows. Eventhough the COVID-19 has entered into an endemic stage, for safety purposes, in 2021, we were able to carry on some activities virtually through available interactive online platforms. For instance, the AGM for 2021 was conducted virtually, using Remote Participation Voting (RPV) platform. During the year, the Managing Director, Executive Director, Deputy Managing Director and Chief Financial Officer have also hosted the Company's analyst briefing for our financial results, during which participants were updated on our operational, commercial and financial performance. In addition, they were briefed on the progress of our growth projects & plans, business continuity measures as well as the Group's sustainability pillars.

The Group is fully committed to maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to stakeholders. Key stakeholder communication modes include Integrated Report, unaudited quarterly results, analyst briefings, announcement to Bursa Securities, Sustainability Report, corporate website and investor relation activities.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication to improve disclosure and transparency. Communication and feedback from stakeholders can be directed to the key contact person of the Company as follows:

Norai'ni Mohamed Ali

Chief Financial Officer

Tel : +603-3342 9999

E-mail : noraini.ali@pharmaniaga.com

GROUP CORPORATE WEBSITE

The Group's corporate website www.pharmaniaga.com provides comprehensive and easy access to the latest information on the corporate and business aspect of the Group. Corporate profile, individual profiles of Directors and Senior Management, financial results, Integrated Report and corporate news, amongst others can be found on our corporate website. Additionally, information on press releases, announcements to Bursa Securities, media conferences post AGM, analyst briefings and quarterly results of the Group are also made available on the website and this serves to promote accessibility of information to the Company's shareholders and all other market participants.

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CONDUCT OF GENERAL MEETINGS

The Group is of the view that General Meetings are important two-way platforms to engage with its shareholders as well as to address their concerns. During the immediate preceding five years, all Directors were present at the AGMs to answer questions raised by shareholders. The Chairman, Group Managing Director and Chairmen of Board Committees has provided oral and written answers to all questions raised by shareholders during the General Meeting. The Group encourages shareholders to participate in the AGM via remote participation at a readily accessible location.

In light of the COVID-19 pandemic conditions, the AGM was convened on 13 June 2022 fully virtually which is in line with the Securities Commission Guidance Note on the Conduct of General Meetings for Listed Issuers to ensure companies can continue to fulfil their obligation under the law and shareholders during this pandemic. Pharmaniaga has also accelerated its initiative to implement remote shareholders' participation and online remote voting at the 24th AGM by leveraging on technology in accordance with Section 327(1) and (2) of the Companies Act 2016.

The 24th AGM was attended by shareholders, through live streaming via the Remote Participation and Voting (RPV) facilities provided by the Group's share registrar i.e. Tricor Investor & Issuing House Services Sdn Bhd as Independent Scrutineer for conduct of poll via e-Vote application. Shareholders who participated via remote participation were able to submit questions during the AGM for the Company to respond. Shareholders are encouraged to take advantage of the said technology to participate in the upcoming 25th AGM of the Company.

NOTICE OF 25TH ANNUAL GENERAL MEETING

AGM will be held online at <https://tiih.online>
 Date : 12 June 2023 (Monday)
 Time : 2.30 p.m.
 Venue : The Bousteador

There was active engagement between the Board and shareholders and there was opportunity for shareholders to have real-time interaction with the Board and Group Managing Director. Answers to the questions by the Minority Shareholder Watchdog Group prior to the AGM were also shared with the shareholders and the same were uploaded onto the website prior to the AGM day.

The minutes of the AGM detailing the meeting's proceedings including issues or concerns raised by shareholders and a summary of the key matters discussed are accessible to the public on the Company's corporate website.

INTEGRITY AND ETHICS

The Board is committed to a corporate culture that encompasses and embraces ethical conduct within the Group by adopting numerous policies which serve to achieve this commitment.

Code of Ethics and Conduct

Pharmaniaga Code of Ethics and Conduct (the Code) is to provide clear guidelines on permissible or non-permissible conduct in the business practices of the Company. The Code is implemented to ensure that all employees and its representatives comply with the same standards. It shall also serve as guidelines when making judgment calls on work ethics, including in bridging and fostering close relations between the Company and its customers. The business code of conduct (Board Charter) for the Board is subject to the statutory duties of directors under various legislative enactments, and as stipulated under the Companies Act, Listing Requirements of Bursa Securities and Securities Commission Act. The Code applies to all the Company's employees and representatives including agents, consultants, contractors and suppliers for the Company.

The Code expressly prohibits improper solicitation, bribery and other corrupt activities not only by employees and directors but also by third parties performing work or services for or on behalf of companies in the Group.

Anti-Bribery and Corruption Policy

With the adoption of the Anti-Bribery and Corruption Policy (ABC) policy, Pharmaniaga also practices a zero-tolerance policy against all forms of bribery and corruption. The ABC policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business. The ABC policy is also applicable to all employees, directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Company.

Whistleblowing Policy

The Company has established its Whistleblowing Policy which provides an avenue for the Group's employees and members of the public to disclose any improper conduct in accordance with the procedures as provided under the policy. The policy and procedures are accessible to the public on the Company's corporate website at www.pharmaniaga.com. To lodge a report for any improper conduct, please email alert@pharmaniaga.com.

➔ Trading on Insider Information

The Board and Principal Officers of the Group are prohibited from trading in securities based on price-sensitive information and knowledge acquired by virtue of their positions, which have not been publicly announced. Notices on the closed period for trading in Pharmaniaga's shares are sent to the Directors and Principal Officers on a quarterly basis as a reminder to trade during the identified timeframe.

None of the Directors and Principal Officers breached the above ruling during the financial under review.

PROFESSIONAL DEVELOPMENT OF DIRECTORS

In line with Paragraph 15.08 of the MMLR, the Directors acknowledged the importance and value of attending conferences, training, programmes and seminars in order to keep themselves abreast of the development and changes in the industry, as well as to update themselves on new statutory and regulatory requirements.

During the financial year under review, Directors attended various training programmes to keep themselves abreast of changes in legislative promulgations and industry practices. To enhance their knowledge and performance, the Board members attended as many training sessions as they possibly could to facilitate them in discharging their duties effectively.

The list of training programmes attended by the Board members during the financial year under review are outlined below:

Name	Programme Title & Organiser	Date
Executive Directors		
Group Managing Director Datuk Zulkarnain Md Eusope <i>(Redesignated as Chief Executive Officer on 22 February 2023)</i>	Emerging Trends Talk: ESG Oversight: Role of the Board by Institute of Corporate Directors Malaysia (ICDM)	25 August 2022
	Understanding Sustainability Taxonomies Globally and Regionally by Securities Industry Development Corporation (SIDC)	12 October 2022
Executive Director Zulkifli Jafar <i>(Redesignated as Deputy Chief Executive Officer on 22 February 2023)</i>	Emerging Trends Talk: ESG Oversight: Role of the Board by Institute of Corporate Directors Malaysia (ICDM)	25 August 2022
	The Open Enrolment namely Beyond Box-Ticking: Essentials for Effective Remuneration Committees by Asia School of Business (ASB)	3 October 2022
Independent Non-Executive Directors		
YB Senator Datuk Dr. Haji Azhar Ahmad	Emerging Trends Talk: ESG Oversight: Role of the Board by Institute of Corporate Directors Malaysia (ICDM)	25 August 2022
	Bursa Securities Mandatory Accreditation Programme (MAP) by Institute of Corporate Directors Malaysia (ICDM)	05 – 07 December 2022
Dato' Dr. Najmil Faiz Mohamed Aris <i>(Board Member until 31 January 2023)</i>	Emerging Trends Talk: ESG Oversight: Role of the Board by Institute of Corporate Directors Malaysia (ICDM)	25 August 2022
	Bursa Securities Mandatory Accreditation Programme (MAP) by Institute of Corporate Directors Malaysia (ICDM)	05 – 07 December 2022

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Name	Programme Title & Organiser	Date
Independent Non-Executive Directors		
Dr. Abdul Razak Ahmad	Webinar on The Updated Malaysian Code on Corporate Governance 2021 by Malaysian Institute of Corporate Governance (MICG)	20 January 2022
	Webinar on SC Guidelines on the Conduct of Directors of Listed Corporations and Their Subsidiaries by Malaysian Institute of Corporate Governance (MICG)	25 January 2022
	Webinar on Corruption Risk Management by Malaysian Institute of Corporate Governance (MICG)	14 & 15 february 2022
	Strategic Corporate Governance for High Performing Board 2022 at Doha, Qatar	14 – 17 March 2022
	Webinar on Sustainability Management and Reporting by Malaysian Institute of Corporate Governance (MICG)	21 September 2022
	Webinar on Governance, Risk and Controls (GRC) by Malaysian Institute of Corporate Governance (MICG)	28 September 2022
Sarah Azreen Abdul Samat	Strategic Corporate Governance for High Performing Board 2022 at Doha, Qatar by Management Excellence	14 – 17 march 2022
	Related Party Transactions and Recurrent Related Party Transactions	29 March 2022
	Understanding and Implementing the Task Force on Climate-Related Financial Disclosure Recommendations	28 June 2022
	Post COVID-19 Investment Strategy – Profit Any Market Direction	18 July 2022
	Creativity and Innovation: The Key to Successful Corporate Transaction in the COVID-19 Era	20 July 2022
	12 Malaysia Plan – Challenges and Opportunities	1 August 2022
	Rethinking Business Strategies in Driving the ESG and Sustainability Agenda	5 August 2022
Datuk Lim Thean Shiang (Appointed on 20 July 2022)	Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (Securities Commission Audit Oversight Board) by Securities Commission Malaysia	7 April 2022
Dr. Mary Jane Cardoso (Appointed on 20 July 2022)	Bursa Securities Mandatory Accreditation Programme (MAP) by Institute of Corporate Directors Malaysia (ICDM)	21 & 22 November 2022

Name	Programme Title & Organiser	Date
Non-Independent Non-Executive Directors		
Non-Independent Non-Executive Chairman Datuk Seri Zainal Abidin Mohd Rafique <i>(Appointed on 1 February 2022)</i> <i>(Board Member until 31 January 2023)</i>	Bursa Securities Mandatory Accreditation Programme (MAP) by Institute of Corporate Directors Malaysia (ICDM)	23 – 25 May 2022
	Emerging Trends Talk: ESG Oversight: Role of the Board by Institute of Corporate Directors Malaysia (ICDM)	25 August 2022
	Strategy in the Boardroom Masterclass 2022 at Dubai, UAE. by Management Excellence	29 August – 1 September 2022
Dato' Sri Mohammed Shazalli Ramly <i>(Board Member until 30 November 2022)</i>	TCFD Climate Disclosure (101 Session) by Bursa Securities	2 March 2022
	Blockchain Fundamentals & Blockchain Business (Module 1) by Accubits	8 March 2022
	TCFD Climate Disclosure (102 Session) by Bursa Securities	9 March 2022
	Blockchain Fundamentals & Blockchain Business (Module 2) by Accubits	9 March 2022
Izaddeen Daud	Preserving the Climate Through Sustainability Business and Living by Securities Industry Development Corporation (SIDC)	22 – 23 June 2022

CORPORATE GOVERNANCE PRIORITIES

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to instill trust and confidence amongst stakeholders. The Board has identified the following set pieces on its horizon that will help it to achieve its corporate governance objectives.

SUSTAINABILITY REPORT 2022



BOARDROOM DIVERSITY

The Board is already committed to developing a corporate culture that also embraces the aspect of gender diversity. This is reflected by the establishment of Gender Diversity Policy and the fact that the present composition of Senior Management of the Group, of which 46% are women

SUSTAINABILITY REPORTING

Pharmaniaga aims to leverage on its existing qualitative sustainability indices and adopt a more mature form of sustainability reporting. The Board will set the direction for management to establish necessary systems and controls with the presence of quality non-financial data that will support the development of such forms of reporting. Pharmaniaga will also actively engage stakeholders to formalise a better understanding of what is expected and desired from its sustainability reporting.