

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5681  
**COMPANY NAME** : PETRONAS DAGANGAN 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of PETRONAS Dagangan Berhad (PDB or the Company) is committed to high standards of corporate governance and strives to ensure that it is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and raise the performance of the Group. For PDB, good governance is imperative to ensure sustainable long-term performance, maximise returns for our stakeholders and to create long-term economic value and growth of the Group.</p> <p>The duties, powers and functions of the Board are governed by the Constitution of the Company, the Companies Act 2016, Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and other regulatory guidelines and requirements that are in force.</p> <p>In discharging its duties and roles effectively, the Board is also guided by its Board Charter, which sets out the principles and guidelines that are to be applied by the Board, whilst the Board committees are guided by its respective Terms of Reference (TOR). The Board Charter and the TOR for each Board Committee are available at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p> <p>The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. To discharge the Board's stewardship responsibilities, the Board has assumed the following principal roles and responsibilities:</p> <ul style="list-style-type: none"><li>• To review, approve and monitor the strategic business plans, goals and key policies proposed by the Management to ensure sustainability and optimisation of long-term returns;</li><li>• To ensure that appropriate policies are in place, adopted effectively and are regularly reviewed;</li></ul>

	<ul style="list-style-type: none"> <li>• To review and approve financial statements;</li> <li>• To review and manage principal risks and adequacy of the Company's internal control systems including systems for compliance with applicable laws, regulations, rules and guidelines;</li> <li>• To ensure that there is an appropriate succession plan for members of the Board and the Leadership Team; and</li> <li>• To be accountable to its shareholders and stakeholders whom may be affected by the Company's decision such as employees, suppliers, customers, the local community and the state/country where PDB is operating.</li> </ul> <p>The Board is collectively responsible in promoting the success of the Group in building an enduring and profitable business admired by customers and stakeholders whilst achieving strong returns for the valuable shareholders.</p> <p>The Company has adopted the PETRONAS Code of Conduct and Business Ethics (PETRONAS CoBE) that seeks to ensure that the Company's/or Group's Directors, employees and third parties which perform works or services for the Company and/or Group will act ethically and remain above board at all times, and that their individual behaviour is in line with PETRONAS' Shared Values i.e., Loyalty, Professionalism, Integrity and Cohesiveness. PETRONAS CoBE also includes appropriate communication and feedback channels which facilitate whistleblowing.</p> <p>The Board acknowledges the importance of the following:</p> <ul style="list-style-type: none"> <li>• maintaining a sound system of internal control and a robust risk management practice for good corporate governance with the objective of safeguarding the shareholder's investment and the Group's assets. For this purpose, the Board has adopted a Risk Governance Framework and Risk Management Policy;</li> <li>• the need to safeguard and minimise the impact to the environment in the course of achieving the Company's objectives. The Board's agenda reflects the commitment to economic support for longer term sustainability with a focus on the positive impact on the environment, community and society; and</li> <li>• the need for effective Investor Relations and Communications with shareholders and to provide them with all relevant information affecting the Company, which can be accessed at the PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</li> </ul>
--	---

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

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Company's Board Charter, which is also available on PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a></p> <p>The Chairman of the Board is a Non-Independent Non-Executive Director who is primarily responsible for the orderly conduct and function of the Board and ensures its effectiveness on all aspects of its roles.</p> <p>The Chairman of the Board shall also act as Chairman at general meetings. The role of the Chairman is summarised as follows:</p> <ul style="list-style-type: none"><li>• Leading the Board in setting the values and ethical standards of PDB;</li><li>• Chairing Board meetings and stimulating debates on issues and encouraging positive contributions from each Board member;</li><li>• Consulting with the Company Secretaries in setting the agenda for Board meetings and ensuring that all relevant issues are on the agenda;</li><li>• Maintaining a relationship of trust with and between the Managing Director/Chief Executive Officer and Non-Executive Directors;</li><li>• Ensuring the provision of accurate, timely and clear information to Directors;</li><li>• Ensuring effective communication with shareholders and relevant stakeholders;</li><li>• Arranging evaluation of performance of Board members, its Committees and individual Directors, including assessment of the independence of Independent Directors;</li><li>• Ensuring that all Directors are properly briefed on issues arising at Board meetings and there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparations;</li><li>• Allowing every Board resolution to be voted on and ensuring the will of the majority prevails;</li><li>• Casting his votes in accordance with PDB's Constitution;</li><li>• Ensuring that all Board members, upon taking up their office, are fully-briefed on the terms of their appointment, time commitment, duties and responsibilities, and the business of PDB; and</li></ul>

	<ul style="list-style-type: none"> <li>Acting as liaison between the Board and Management, and between the Board and the MD/CEO.</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The distinct and separate roles and responsibilities of the Chairman and the Managing Director/Chief Executive Officer (MD/CEO) are provided in the Board Charter, which is available on the PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p> <p>The Board practices a clear demarcation of duties and responsibilities between the Chairman and MD/CEO to ensure a balance of power and authority in the Board. The positions of Chairman and MD/CEO are held by two different individuals. The Chairman, Datuk Anuar Ahmad, is a Non-Independent Non-Executive Director and that he was appointed on 1 January 2022 in place of Datuk Md Arif Mahmood whilst the CEO of the Company, who is also the Managing Director, is Azrul Osman Rani.</p> <p>This segregation ensures a clear distinction between the Chairman's responsibility to manage the Board and the MD/CEO's responsibility to manage the Company's business. Separation in the role of the Chairman and the MD/CEO is imperative as both roles have different expectations and serve distinct primary audiences.</p> <p>The Chairman is primarily responsible for the orderly conduct and function of the Board, whilst the MD/CEO is responsible for the overall operations of the business, organisational effectiveness and the implementation of the Group's strategies and policies. Given the Company's synergetic business operational integration with Petroliam Nasional Berhad (PETRONAS), it is in the best interest of the Company that the Chairman is a Non-Independent Non-Executive Director.</p> <p>The MD/CEO also manages the respective responsibilities of the divisions and departments in the Company and he is assisted in the management of the business by the Leadership Team (LT). The LT ensures that effective systems, controls and resources are in place to execute business strategies and decisions taken by the MD/CEO and/or the Board.</p> <p>The respective roles and responsibilities of the Chairman and MD/CEO can be viewed under the Board Charter in the PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p>
<b>Explanation for departure</b>	:	

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

## Intended Outcome

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

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: For the financial year ended 31 December 2021, the Chairman of the Board was Datuk Md Arif Mahmood. He was a Non-Independent Non-Executive Director and was not a member of the Board Audit Committee, Nomination and Remuneration Committee and Board Risk Committee ("Board Committees").  Datuk Md Arif Mahmood resigned on 1 January 2022 following his retirement from PETRONAS.  Datuk Anuar Ahmad was re-designated as Chairman and Non-Independent Non-Executive Director on 1 January 2022, replacing Datuk Md Arif Mahmood. In line with practice 1.4 of MCCG 2021, Datuk Anuar Ahmad relinquished his positions from the Board Committees on the same day upon assuming the chairmanship.  This practice has also been embedded explicitly in the Board Charter and Terms of Reference of the respective Board Committees which are available on the PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a> .
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries of PDB are qualified to act as Company Secretary under Section 235 of the Companies Act (CA) 2016. During the year under review, Suria Kamarul Baharin vacated her position as company secretary on 24 August 2021 and was replaced by Wong Lay See.</p> <p>Following the changes, the Company Secretaries of the Company are Wong Lay See and Yeap Kok Leong. Wong Lay See has legal qualification and of an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) while Yeap Kok Leong is a Fellow member of MAICSA. Both of them are registered with the Companies Commission of Malaysia under Section 241 of the CA 2016 and are issued with practising certificates by the Registrar of Companies. Both act as advisors to the Board, particularly with regard to PDB's Constitution and its compliance with regulatory requirements, codes, guidance and legislations. All Directors have unrestricted access to the advice and services of the Company Secretaries to facilitate discharge of their duties.</p> <p>The Company Secretaries ensure that discussions and deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the Management for appropriate actions. The Company Secretaries update the Board on the follow-up of its decisions and recommendations. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions in the year under review.</p> <p>The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate governance through continuous training.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

## Intended Outcome

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

## Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board meets at least quarterly with additional meetings convened as and when necessary. The Board, Board Committees, Board and Management Strategy Retreat and Annual General Meeting during the year under review were pre-scheduled in November 2020 to facilitate the Directors in planning ahead and incorporate the said meetings into their respective schedules. It also served to provide the Board with ample notice of the meetings.</p> <p>Prior to each Board and Board Committee's meeting, the agenda and Board papers encompassing comprehensive qualitative and quantitative information which include objectives, background, critical issues, implications, risks, strategic fit, recommendations and other pertinent information are circulated to the Directors to enable an informed decision making by the Board. The quality of information given to the Board is important as it leads to good decision-making. Presentations and briefings by the Management and relevant external consultants, where applicable, are also held at Board meetings to advise the Board. In this regard, relevant information is furnished and clarifications are given to assist the Board in making a decision.</p> <p>Prior to a meeting of the Board and Board Committee, a syndication session, if required, will be organised for papers that require Board's insight especially on critical Board papers.</p> <p>The Board papers were circulated to all Directors at least five (5) business days prior to each Board meeting. This enables the Directors to have sufficient time to peruse the Board papers and seek clarifications or further details from the Management or the Company Secretaries before each meeting. Any Director may request matters to be included in the agenda. Urgent papers may be presented and tabled at meetings under the item "Any Other Business", subject to the approval of both the Chairman and MD/CEO.</p> <p>Access to Board papers were carried out online through a collaborative software which allows the Directors to securely access, to read and review the Board documents and collaborate with other Directors and the Company Secretaries electronically. This software eases the process of distribution of Board papers and minimises leakage of sensitive information.</p>

	<p>The Directors have direct access to the Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have direct access to the advice and services of the Company Secretaries and are regularly updated on the new statutory and regulatory requirements relating to the duties and responsibilities of the Directors. The Directors, whether collectively as a Board or in their individual capacity, may seek independent professional advice at PDB's expense in furtherance of their duties.</p> <p>All proceedings of Board and Board Committees' meetings and deliberations including comments made by the Directors are duly minuted and signed. Minutes of each Board and Board Committees' meeting are properly kept by the Company Secretaries. The minutes of each Board and Board Committee's meetings were circulated in a timely manner to all Directors for their perusal prior to the minutes being tabled for confirmation at the next Board and Board Committees' meetings. The Directors may request for clarification or raise comments on the minutes prior to their confirmation.</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 demarcation of responsibilities between the board, board committees and management.

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

**Practice 2.1**

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a Board Charter and Terms of Reference (TOR) of its Board Committees, which are reviewed and updated from time to time to reflect relevant changes to the policies, procedures and processes as well as amendments to rules and regulations to ensure the documents remain relevant and consistent with the applicable rules and regulations and recommended best practice and the same were published on the Company’s corporate website. The Board Charter and the Committees’ TOR clearly identify:</p> <ul style="list-style-type: none"> <li>• the respective roles and responsibilities of the board, board committees, individual directors and management; and</li> <li>• issues and decisions reserved for the Board.</li> </ul> <p>The Board Charter and the Committees’ TOR are accessible from the PDB’s corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The PDB Group adopts and practices PETRONAS' Code of Conduct and Business Ethics (CoBE). The CoBE, which is accessible to the public for reference on the Company's website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>, places significant importance in upholding the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of the Group. The CoBE sets forth the standards of behavior and ethical conduct expected of each individual to which the CoBE applies. The Group also expects that contractors, sub-contractors, consultants, agents and representatives and others performing work or services for or on behalf of the Group to comply with the relevant parts of the CoBE when performing such work or services. The CoBE expressly prohibits improper solicitation, bribery and other corrupt activity not only by employees and directors but also by third parties performing work or services for or on behalf of companies in the PETRONAS Group.</p> <p>In compliance with CoBE, the Company adopts the PETRONAS' Anti Bribery and Corruption (ABC) Manual which governs the prevention of corruption and unethical practices within the Group. The ABC Manual sets forth the policy statement and guidelines on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
------------------	---	--	--

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The PDB Group has adopted the PETRONAS Whistleblowing Policy (WBP). The WBP applies to every employee, director and officer of PETRONAS. Joint venture companies in which PETRONAS is not a controlling stakeholder and associate companies of PETRONAS are encouraged to adopt the WBP whilst contractors, agents, outsourced workers and business associates are required to always act consistently with the applicable parts of the WBP when dealing with, acting on behalf of or in the name of PETRONAS. The WBP also applies to members of the public, where relevant. The WBP is accessible to the public for reference on the PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p> <p>The WBP was further enhanced in 2021 to comply with Guidelines on Adequate Procedures under Section 17A(5) of the Malaysian Anti-Corruption Commission Act (MACC Act). The WBP encourages staff and members of the public that disclosures are secure and dealt with, confidentially, and through our accessible whistleblowing channels, which are operated with the highest standards of integrity and accountability. The WBP provides clarity on the oversight and responsibilities of the whistleblowing process, the reporting process, protection to whistleblowers and the confidentiality afforded to whistleblowers globally.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

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

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>With respect to PDB’s Sustainability Governance Framework, the Board has the highest oversight of our sustainability matters, initiatives and performance. At the managerial level, PDB Managing Director/Chief Executive Officer and Leadership Team plays a leading role in ensuring that sustainability matters are addressed and integrated effectively and efficiently throughout our business processes and operations.</p> <p>Regular and scheduled sustainability updates are provided to the board on progress against the specific sustainability KPIs, and any other related matters.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Aside from the full disclosure of PDB’s Sustainability performance, initiatives, programmes, material matters in the annual Sustainability Report in the Company’s Integrated Report 2021 (available to both internal and external) – there are also various other scheduled and regular awareness/communication programmes that takes place throughout the course of the year for both internal and external. These programmes utilises various platforms including – investor surveys, sustainability assessments, internal communication circulars, internal workshops, focus groups and forums among others.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The board participates in various programmes and awareness initiatives to ensure that they keep abreast with and understand the latest development and issues relating to sustainability including general sustainability topics, climate change among others. These programmes are made available through the various internal platforms including roadshows, forums, board training and also external platforms.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and Senior Management have performed their respective roles in addressing material risks and opportunities. PDB engaged independent third-party leadership consulting firm in conducting its Board Effectiveness Evaluation for the financial year 2021 (BEE 2021) which covered, amongst others, the Board's focus on Sustainability. While it was viewed that the Board had taken account sustainability consideration when exercising its duties including amongst others the development and implementation of company strategies, business plans, major plans of action and risk management, the Directors' observations had been consistent for PDB to further enhance its sustainability emphasis.</p> <p>Additionally, in December 2021, the Board had also been presented on PDB's long-term sustainability strategic position based on PDB's Sustainability Roadmap, that was shared by PDB Sustainability Team (Strategy) and deliberated by the Board at the Board &amp; Management Strategic Retreat.</p> <p>The Managing Director/Chief Executive Officer and leadership do have sustainability related KPIs associated to their performance evaluations. This is essentially linked to the Group's MFT (Moving Forward Together) strategy – with sustainability a component of this (including climate change management and creating positive social impact).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>Head of Sustainability has been identified as the designated person to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.</p> <p>The Head of Sustainability also functions as the secretariat to sustainability committees set up aligned to the Sustainability Governance Framework in providing stewardship and guidance on relevant key sustainability matters of the Company and to guide the Company in ensuring the effective implementation and management of the various economic, environment, social and governance (EESG) objectives and initiatives.</p>

## Intended Outcome

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

### Practice 5.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee (NRC) reviews the Board Succession Plan i.e., the composition, tenure, skills and experience matrix of the Board annually, in line with the Company's Board Succession Planning Framework. The Board has also put in place the nine years' term limit for Independent Directors to ensure progressive refreshing of the Board.</p> <p>The NRC assessed the performance of the Directors standing for re-election at the Company's 40<sup>th</sup> Annual General Meeting via the Board Effectiveness Evaluation 2021 (BEE 2021). Amongst others, the BEE 2021 assessed the Directors' competencies, commitment, contribution, performance, independence and their ability to act in the best interest of the Company as a whole.</p> <p>The Directors' rotation list was presented to the NRC for endorsement prior to recommendation to the Board for approval and the affected Directors are required to give their consent on their re-election prior to PDB's Board meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>For the financial year 2021, the Board comprised a majority of Independent Directors, thus fulfilling the application of Practice 5.2 of the MCGG 2021 and the requirement under the Main Market Listing Requirements that at least one third of the Board members are Independent Directors.</p> <p>For the financial period up to 12 August 2021, the Board comprised ten Directors, six of whom were Independent Non-Executive Directors (INED), one Non-Independent Non-Executive Chairman, one Managing Director/Chief Executive Officer (MD/CEO) and two Non-Independent Non-Executive Directors (NINED). The INED constituted 60% of the Board. One of the INED, namely Lim Beng Choon retired on 12 August 2021 after serving the full term of nine years. After his retirement, the Board comprised nine Directors, 5 of whom were INED, which constituted 55.6% of the Board. As at 31 December 2021, the five INEDs were as follows:</p> <ol style="list-style-type: none"><li>(1) Datuk Anuar Ahmad</li><li>(2) Shafie Shamsuddin</li><li>(3) Alvin Michael Hew Thai Kheam</li><li>(4) Nirmala Doraisamy</li><li>(5) Tang Saw Hua</li></ol> <p>All INED have completed and signed the Independent Director's Declaration, confirming their continued independence status in accordance with the requirements of Main Market Listing requirements of Bursa Malaysia Securities Berhad.</p> <p>All INED are independent of management and free of any interest, position, association or other relationship that might materially influence the Independent Director's capacity to bring an independent judgement and to act in the best interest of the Group and its stakeholders. The INED were heavily involved in the deliberation at the Board and Board Committee levels. Majority of all Board Committee members comprised of Independent Directors. Hence, there was independence and objectivity in decision making which was made in the best interest of the Company.</p> <p>At the beginning of the financial year ending 31 December 2022, Datuk Md Arif Mahmood resigned as Chairman and NINED on 1 January 2022.</p>

	<p>In place thereof, Datuk Anuar Ahmad, who was an INED, was re-designated as Chairman and NINED of the Company effective 1 January 2022. The changes had resulted in equal number of independent directors and non-independent directors. The Board is now comprised of four INED, three NINED and one MD/CEO. The Board is actively evaluating potential candidates for appointment to the Board to increase the number of INED.</p>	
<p><b>Explanation for departure</b></p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	:	
<p><b>Timeframe</b></p>	:	

**Intended Outcome**

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

**Practice 5.3**

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

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

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.4 - Step Up

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

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: In line with the exemplary practice as recommended by the Malaysian Code on Corporate Governance 2021, the Company has adopted a tenure policy whereby an Independent Non-Executive Directors' (INED) total tenure on the Board is capped at nine years with no avenue for further extension.  The appointment of an INED is for a 3-year term and renewable for another two terms subject to review and endorsement by the NRC. Their appointment and re-appointment is subject to competencies, commitment, contribution, performance based on the Board Effectiveness Evaluation (BEE) and their ability to act in the best interest of PDB.  Currently, none of the INEDs have served the Board for more than nine years.

## Intended Outcome

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

## Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b><u>Board</u></b></p> <p>PDB practices a formal and transparent process on the appointment of new Directors. The nomination of Non-Independent Non-Executive Directors to the Board is made by Petroliam Nasional Berhad (PETRONAS) being the majority shareholder of the Company. The nomination of Independent Non-Executive Directors to the Board is made through the engagement of a professional recruiting firm to find most suitable candidates to fill the vacant positions or via recommendations by the Board members.</p> <p>In its selection of suitable candidates, the Nomination and Remuneration Committee (NRC) is delegated in developing and deliberating selection criteria based on competencies and attributes required. The NRC will also screen, conduct initial selection, consider and present their findings on the candidates prior to making recommendation to the Board.</p> <p>All nominees to the Board are first considered by the NRC, taking into consideration the mix of skills, competencies, experience, integrity, personal attributes and time commitment required to effectively fulfil his or her role as a director. Diversity in terms of age and gender is also considered during the selection process.</p> <p>In line with Paragraph 15.06 of MMLR of Bursa Malaysia, none of the members of the Board holds more than five (5) directorships in listed companies. Prior to acceptance of other appointment for directorship in other listed companies, the Directors are required to first notify the Chairman of PDB to ensure that such appointment would not unduly affect their time commitment and responsibilities to the Board.</p> <p>The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at the Board and Board Committees meetings held during the year. Although some Directors hold multiple directorships, they were able to commit and devote their</p>

	<p>time for the Board and Board Committees meetings. The Board is satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities.</p> <p>None of the Board members of the Company is persons linked directly with the executive powers such as heads of state, heads of government and ministers and none of the Board members is an active politician. An active politician as defined in the MCCG 2021 is a person is considered politically active if he is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council, or division level in a political party.</p> <p><b><u>Senior Management</u></b></p> <p>The Senior Management of the Company are seconded from PETRONAS. The Board ensures that only suitable personnel with the relevant skills and experiences are appointed to management positions of the Company.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

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

### Practice 5.6

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Pursuant to the Nomination and Remuneration Committee (NRC) Terms of Reference, NRC has the authority to obtain the services of professional recruitment firms to source for candidates for directorship or seek independent advice whenever necessary.</p> <p>PDB practices a formal and transparent process on the appointment of new Directors. The nomination of Independent Non-Executive Director(s) to the Board is made through the engagement of a professional recruiting firm to find most suitable candidates to fill the vacant positions or via recommendations by the Board members.</p> <p>In the selection of suitable candidates, the NRC adheres to the guidelines stipulated in the Board Succession Planning Framework which set out in the Board Appointment Process.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.7

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Through the Board Effectiveness Evaluation (BEE) 2021, the Nomination and Remuneration Committee (NRC) has assessed the Directors' eligibility for re-election and appointment by considering their competencies, commitment, contribution, and their ability to act in the best interest of the Company.</p> <p>The Board at its meeting held on 22 February 2022 endorsed the recommendation of the NRC for the following Directors to be considered for re-election pursuant to the following Articles of PDB's Constitution at its forthcoming 40<sup>th</sup> AGM:</p> <p><u>Article 100</u> (i) Arni Laily Anwarrudin</p> <p><u>Article 107</u> (i) Azrul Osman Rani (ii) Nirmala Doraisamy</p> <p>Arni Laily Anwarrudin, Azrul Osman Rani and Nirmala Doraisamy had given their consent on the re-election and that they had abstained themselves from deliberations and decisions by the Board on their re-appointment.</p> <p>The Directors also declared as follows:</p> <ul style="list-style-type: none"><li>(a) No family relationship with any Director/Major Shareholder</li><li>(b) No conflict of interest with PETRONAS Dagangan Berhad</li><li>(c) No conviction of offences within the past 5 years other than traffic offences, if any</li><li>(d) Does not hold more than five directorships in listed issuers</li></ul> <p>In addition, the current Independent Directors (INEDs) satisfy the following criteria:</p> <ul style="list-style-type: none"><li>(a) independent from Management and free from any business or other relationship which could interfere with independent</li></ul>

	<p>judgement or the ability to act in the best interests of the Company.</p> <p>(b) not involved in the day-to-day operations of the Company other than when collective Board approval is required. This mitigates the risk of undue influence from third parties and allows INEDs to exercise fair judgement.</p> <p>(c) declare their interest or any possible conflict of interest in any matter tabled prior to the commencement of Board meetings. Directors are able to ascertain their involvement in any proposal as the papers are disseminated to them at least five (5) business days before each meeting. In a situation where there is conflict of interest, Directors are required to recuse themselves and abstain from deliberation to allow unbiased and free discussion and decision making. This also holds true for and applies to Non-Independent Non-Executives Directors.</p> <p>The profile of the abovenamed Directors are disclosed in the Company's Integrated Report 2021 for further information.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### 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 Nomination and Remuneration Committee (NRC) of the Company is and has been chaired by an Independent Director or the Senior Independent Director (SID).</p> <p>For financial period up to 26 May 2021, PDB's NRC was chaired by the then SID, Lim Beng Choon, who passed the baton of chairmanship to the then INED, Datuk Anuar Ahmad. Datuk Anuar Ahmad was the chairman of NRC until 31 December 2021 and that he relinquished his position in NRC upon his re-designation as Chairman and Non-Independent Non-Executive Director of the Company on 1 January 2022.</p> <p>The NRC of the Company is currently chaired by Shafie Shamsuddin, the Senior Independent Director.</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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>PDB's Diversity Policy ensures that the mix and profiles of our Board members, in terms of age and gender, provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. The Board also supports the country's aspirational target of 30% representation of women directors in line with Practice 5.9 of MCGG 2021.</p> <p>As at 31 December 2021, the Board comprised nine Directors, three of whom were female Directors, constituted 33% of the Board composition. The three female Directors were Nirmala Doraisamy, Tang Saw Hua and Arni Laily Anwarrudin.</p> <p>After the resignation of Datuk Md Arif Mahmood on 1 January 2022, the Board now comprises 8 Directors. The three female Directors constitutes 37.5% of the Board composition.</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 5.10

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to ensure that its composition not only reflects the diversity as recommended by the MCCG, as best as it can, it will also have the right mix of skills and balance to contribute to the achievement of the Company's goals.</p> <p>To ensure that there is a healthy talent pipeline, the Board Diversity Policy also includes policies on the participation of women in decision-making within the Company. The Board Diversity Policy is available on the Company's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p> <p>In respect of Senior Management, as employees of the Company are seconded from PETRONAS. Hence, the diversity of Senior Management is covered by the policy at Group level i.e., PETRONAS Diversity and Inclusion Statement.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board Effectiveness Evaluation (BEE) is conducted to evaluate the performance of Board/Board Committees/members of the Board as well as identifying any gaps or areas of improvement, where required. Every year, under the purview of the Nomination and Remuneration Committee (NRC), a formal evaluation is undertaken to assess the effectiveness of the following:</p> <ul style="list-style-type: none"><li>(a) The Board as a whole and the various Board Committees</li><li>(b) Independence of Independent Directors</li><li>(c) Contribution of each individual Director</li></ul> <p>PDB Board has agreed that BEE to be conducted by an independent expert at least every three years starting 2021 to facilitate, objective and Candid board evaluation.</p> <p>The BEE 2021 was conducted externally by an independent third-party leadership consulting firm which covered the Board, Board Committees, Peer and Self Evaluations of the Board members. The evaluation process covered a variety of aspects associated with Board effectiveness, including amongst others, the composition of the Board and Board Committees and Board working relationships. The assessment criteria were anchored on governance framework, best practices as well as industry norms.</p> <p>The BEE 2021 was carried out through questionnaires and 1-on-1 interview sessions with Board members. The interview sessions allowed consultants from the third-party leadership consulting firm to explore selected issues in an in-depth manner to garner first-hand insights.</p> <p>The evaluation also entailed an assessment of each individual Director with a focus on their capabilities. The independence of Independent Directors were also assessed in ensuring a balanced and unbiased</p>

	<p>decision-making process at the Board. Completed questionnaires were routed directly to the independent third-party leadership consulting firm without any intermediation by the Management.</p> <p>Feedback and inputs from selected Leadership Team on the performance of the Board were also obtained. The BEE focused on maximising the effectiveness and performance of the Board and its Committees in the best interests of the Company.</p> <p>As a culmination to this exercise, the independent third-party leadership consulting firm prepared a report on the performance of the Board, Board Committees and individual Directors, assessed against other large companies in their benchmark repository covering a wide cross-section of industries. The Board, through the NRC, reviewed the outcome of BEE 2021 and noted that PDB continued to be led by an effective, committed and well-run Board. The results of the BEE 2021 were presented to the Board in February 2022 where the Board noted the findings and areas that necessitated further improvements.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

The 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><b><u>Directors' Remuneration Framework</u></b></p> <p>The Directors' fees structure, which embraces market practices and trends, is designed to attract and retain high calibre Board members and to ensure they are appropriately paid for their time and effort.</p> <p>The Board has established a formal and transparent Directors' Remuneration Framework which comprises retainer fees, meeting allowances and benefits in-kind. In compliance with Section 230(1) of the CA 2016, the resolution on the payment of the Directors' fee will be tabled at the Annual General Meeting for shareholders' approval.</p> <p>The Director's Remuneration Framework is accessible on PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p> <p><b><u>Senior Management Remuneration Framework</u></b></p> <p>Employees of the Company are seconded from PETRONAS. Their remuneration has been benchmarked against the industry and is aligned with the market. In addition, their training, succession planning and performance appraisals are aligned to the PETRONAS's Human Resources Policies and Strategies. The Board ensures that only suitable personnel with the relevant skills and experiences are appointed to management positions of PDB.</p> <p>The remuneration philosophy reflects the Group's commitment to be compliant with best practices in the areas of remuneration, retention and reward to ensure that the Group attracts and retains exceptional talents. The remuneration packages and incentives are regularly evaluated against market-related surveys.</p>

	Their remuneration is based on the prevailing PETRONAS' Remuneration Philosophy and Guiding Principles, which can be found on PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company has a combined NRC. Their authority and duties as well as functions are clearly defined in the Terms of Reference which is accessible on PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Directors' Remuneration Framework which sets out retainer fees, special fees, meeting allowances and benefits in-kind.</p> <p>The remuneration breakdown of individual directors which includes the fees, salary, bonus, benefits in-kind and other emoluments for the financial year ended 31 December 2021 is enumerated in <b>Table 1</b> attached hereto.</p> <p>The Directors' fees and meeting allowances of the following NINEDs who are/were employees of PETRONAS (as applicable) are paid directly to PETRONAS:</p> <ul style="list-style-type: none"><li>(1) Datuk Md Arif Mahmood (resigned effective 1 January 2022)</li><li>(2) Ahmad Adly Alias</li><li>(3) Arni Laily Anwarrudin</li><li>(4) Nuraini Ismail (resigned effective 31 May 2021)</li></ul>

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 Md Arif Mahmood	Non-Executive Non-Independent Director	288	38.5	Nil	Nil	Nil	Nil	326.5	288	38.5	Nil	Nil	Nil	Nil	326.5
2	Azrul Osman Rani	Executive Director	Input info here	Input info here	948.7	Input info here	Input info here	948.7								
3	Datuk Anuar Ahmad	Independent Director	144	75.5	Nil	Nil	6	Nil	225.5	144	75.5	Nil	Nil	6	Nil	225.5
4	Shafie Shamsuddin	Independent Director	144	70	Nil	Nil	6	Nil	220	144	70	Nil	Nil	6	Nil	220
5	Alvin Michael Hew Thai Kheam	Independent Director	144	70	Nil	Nil	Nil	Nil	214	144	70	Nil	Nil	Nil	Nil	214
6	Nirmala Doraisamy	Independent Director	144	72	Nil	Nil	6	Nil	222	144	72	Nil	Nil	6	Nil	222
7	Tang Saw Hua	Independent Director	144	84	Nil	Nil	6	Nil	234	144	84	Nil	Nil	6	Nil	234
8	Ahmad Adly Alias	Non-Executive Non-Independent Director	144	40.5	Nil	Nil	Nil	Nil	184.5	144	40.5	Nil	Nil	Nil	Nil	184.5
9	Arni Laily Anwarrudin	Non-Executive Non-Independent Director	84	35	Nil	Nil	Nil	Nil	119	84	35	Nil	Nil	Nil	Nil	119
10	Lim Beng Choon	Independent Director	88.6	31.5	Nil	Nil	3.5	Nil	123.6	88.6	31.5	Nil	Nil	3.5	Nil	123.6
11	Nuraini Ismail	Non-Executive Non-Independent Director	60	19.5	Nil	Nil	Nil	Nil	79.5	60	19.5	Nil	Nil	Nil	Nil	79.5

12	Input info here	Choose an item.	Input info here													
13	Input info here	Choose an item.	Input info here													
14	Input info here	Choose an item.	Input info here													
15	Input info here	Choose an item.	Input info here													

### Intended Outcome

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The components of the remuneration of Senior Management, which include their salary, bonus, benefits in-kind and other emoluments are subject to the Personal Data Protection Act (PDPA) 2010 and PETRONAS Group including its listed companies opt not to disclose the personal data of their Senior Management personnel to the public at large.</p> <p>Alternative Practice:</p> <p>The Company has identified its Top 5 Senior Management as follows, however, their remuneration will not be disclosed:</p> <ul style="list-style-type: none"><li>i. <b>Azrul bin Osman Rani</b><ul style="list-style-type: none"><li>- Managing Director/Chief Executive Officer (MD/CEO)</li></ul></li><li>ii. <b>Farzlina binti Ahmad Murad</b><ul style="list-style-type: none"><li>- Chief Financial Officer</li></ul></li><li>iii. <b>Khalil Jaffri Muhammad Muri</b><ul style="list-style-type: none"><li>- Head, Retail Business Division</li></ul></li><li>iv. <b>Ramzulahkim Ramli</b><ul style="list-style-type: none"><li>- Head, Commercial and Business Division</li></ul></li><li>v. <b>Mazlin Erawati Ab Manan</b><ul style="list-style-type: none"><li>- Head, Venture Builder</li></ul></li></ul> <p>The Senior Management of the Company are seconded from PETRONAS. Their remuneration has been benchmarked against the industry and is aligned with the market. Their remuneration is based on the prevailing PETRONAS' Remuneration Philosophy and Guiding Principles, which can be found on PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p> <p>Azrul Osman Rani, the MD/CEO and an Executive Director of PDB, is an employee of PETRONAS and is seconded to PDB. He is not entitled to</p>

	receive directors' fee and meeting allowance. During the year, he was remunerated an amount of RM948,712.38 as MD/CEO of PDB.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company does not have an alternative plan to meet the intended outcome.
<b>Timeframe</b>	:	Others
		Not available

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

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

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

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board Audit Committee (BAC) is Tang Saw Hua, an Independent Non-Executive Director and is not the Chairman of the Board. This ensures that the Board is able to objectively review the audit findings and recommendations.</p> <p>The Chairman of the Board is not a member of a BAC member, and none of the former Chairmen of the Board was ever a BAC member, consistent with Practice 1.4 of the MCCG 2021 and the Company's internal governing documents, i.e. Board Charter and Board Committees' Terms of Reference.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board Audit Committee (BAC) has a policy that requires a former partner of the external audit firm (and its affiliates) to observe a cooling-off period of three years before being appointed as a member of the BAC.</p> <p>The policy is stated in the BAC Terms of Reference which can be found on PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

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>Under its Terms of Reference, the Board Audit Committee (BAC) is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>During the year under review, the BAC has adopted PETRONAS Framework on External Auditors, which has provided a more structured annual assessment on the performance, sustainability and independence of the external auditors. In addition, the BAC also met with the external auditors once, in the absence of the Management team. The External Auditors have also confirmed to the Board on their independence in writing by providing both audit and non-audit services up to the date of this report.</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> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied															
<b>Explanation on application of the practice</b>	:	<p>The Board Audit Committee (BAC) is made up by members possessing appropriate mix of skills, knowledge and experience. They are financially literate and have sound knowledge and understanding of financial reporting and management requirements. In addition, they also possess sufficient understanding of the Company's business.</p> <p>As at 31 December 2021, the members of BAC were as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Directors/ Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1</td><td>Tang Saw Hua Independent Non-Executive Director</td><td>Chairman</td></tr><tr><td>2</td><td>Nirmala Doraisamy Independent Non-Executive Director</td><td>Member</td></tr><tr><td>3</td><td>Arni Laily Anwaruddin Non-Independent Non-Executive Director</td><td>Member</td></tr><tr><td>4</td><td>Datuk Anuar Ahmad Independent Non-Executive Director (Re-designed as Board Chairman and Non-Independent Non-Executive Director on 1 January 2022)</td><td>Member</td></tr></tbody></table> <p>Datuk Anuar Ahmad was a BAC member until 31 December 2021. He was re-designated as Chairman of the Board and Non-Independent Non-Executive Director on 1 January 2022 upon which he has stepped down from the BAC.</p> <p>The profile of the Chairman and Members of BAC are disclosed in the Company's Integrated Report 2021 for further information.</p>	No.	Directors/ Designation	Membership	1	Tang Saw Hua Independent Non-Executive Director	Chairman	2	Nirmala Doraisamy Independent Non-Executive Director	Member	3	Arni Laily Anwaruddin Non-Independent Non-Executive Director	Member	4	Datuk Anuar Ahmad Independent Non-Executive Director (Re-designed as Board Chairman and Non-Independent Non-Executive Director on 1 January 2022)	Member
No.	Directors/ Designation	Membership															
1	Tang Saw Hua Independent Non-Executive Director	Chairman															
2	Nirmala Doraisamy Independent Non-Executive Director	Member															
3	Arni Laily Anwaruddin Non-Independent Non-Executive Director	Member															
4	Datuk Anuar Ahmad Independent Non-Executive Director (Re-designed as Board Chairman and Non-Independent Non-Executive Director on 1 January 2022)	Member															

	<p>BAC members acknowledged the need for continuous education trainings. As for the year under review, all BAC members attended training on the developments in accounting and auditing standards, practices and rules.</p> <p>The list of training attended by the Directors of the Company is set out in the Integrated Report 2021.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a risk management framework and internal control systems in place to ensure the smooth running of the business with the aim to manage the risks and control of the Company's business and financial affairs economically and efficiently. This effectively enables the Company to seize profitable business opportunities in a disciplined way while-mitigating risks that could cause loss, reputational damage or business failure.</p> <p>The internal control mechanisms established by the Board are embedded processes within the organisation.</p> <p>Further information on risk management framework and internal controls are disclosed in the Statement on Risk Management and Internal Control of Integrated Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The key features of the Company's risk management and internal control framework, which cover their adequacy and effectiveness are disclosed under the Statement on Risk Management and Internal Control in the Integrated Report 2021.</p> <p>In essence, PDB's Risk Management Framework adheres to the PETRONAS Resiliency Model, which focuses on the three areas namely Enterprise Risk Management, Crisis Management and Business Continuity Management in strengthening the current practices and placing greater emphasis on risk management implementation.</p> <p>In addition, to ensure risks undertaken in pursuit of strategic and business objectives are within Board acceptable level, the Board has also approved PDB risk appetite which reflects the stance on acceptable level of risk or boundaries within its risk capacity. PDB monitors and reports the risk appetite on a regular basis and escalates any breach of the risk appetite to management and Board, if required, on a timely basis for deliberation of specific action or decision.</p> <p>In achieving comprehensive risk-based decision making, the Board also deliberated on the risk related to high impact business matters such as commercial transactions with high complexity and exposure, key capital projects, new business ventures and/or special projects, in order to assess the feasibility and commerciality of these projects and investments.</p> <p>In ensuring the adequacy and effectiveness of PDB's internal control, First &amp; Second Line Assurance for various risk areas was implemented whilst the internal control system is also independently reviewed by the Internal Audit Division (IAD).</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>	:	Adopted																		
<b>Explanation on adoption of the practice</b>	:	<p>The Board Risk Committee (BRC) was established on 26 February 2019 to oversee the implementation of Company's risk management framework and policies.</p> <p>As at 31 December 2021, the members of the BRC were as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Directors/ Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1</td><td>Alvin Michael Hew Thai Kheam Independent Non-Executive Director</td><td>Chairman</td></tr><tr><td>2</td><td>Shafie Shamsuddin Senior Independent Director</td><td>Member</td></tr><tr><td>3</td><td>Nirmala Doraisamy Independent Non-Executive Director</td><td>Member</td></tr><tr><td>4</td><td>Tang Saw Hua Independent Non-Executive Director</td><td>Member</td></tr><tr><td>5</td><td>Datuk Anuar Ahmad Independent Non-Executive Director (Re-designated as Board Chairman and Non-Independent Non-Executive Director on 1 January 2022)</td><td>Member</td></tr></tbody></table> <p>Datuk Anuar Ahmad was a BRC member until 31 December 2021. He was re-designated as Chairman of the Board and Non-Independent Non-Executive Director on 1 January 2022 upon which he has stepped down from the BRC.</p> <p>The terms of reference of the BRC is accessible on the Company's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p> <p>The profile of the Chairman and members of BRC are disclosed in the Company's Integrated Report 2021 for further information.</p>	No.	Directors/ Designation	Membership	1	Alvin Michael Hew Thai Kheam Independent Non-Executive Director	Chairman	2	Shafie Shamsuddin Senior Independent Director	Member	3	Nirmala Doraisamy Independent Non-Executive Director	Member	4	Tang Saw Hua Independent Non-Executive Director	Member	5	Datuk Anuar Ahmad Independent Non-Executive Director (Re-designated as Board Chairman and Non-Independent Non-Executive Director on 1 January 2022)	Member
No.	Directors/ Designation	Membership																		
1	Alvin Michael Hew Thai Kheam Independent Non-Executive Director	Chairman																		
2	Shafie Shamsuddin Senior Independent Director	Member																		
3	Nirmala Doraisamy Independent Non-Executive Director	Member																		
4	Tang Saw Hua Independent Non-Executive Director	Member																		
5	Datuk Anuar Ahmad Independent Non-Executive Director (Re-designated as Board Chairman and Non-Independent Non-Executive Director on 1 January 2022)	Member																		

### 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 Board Audit Committee (BAC) is supported by an in-house internal audit function, the Internal Audit Department (IAD), in discharging its governance responsibilities stated in the BAC's Terms of Reference. The internal audit function of the Company is premised on the requirements of an 'independent and objective function'. The mission of PDB IAD is to enhance and protect the organisation's value by providing risk-based and objective assurance, advice and insights.</p> <p>IAD assists the organisation to accomplish its goal by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, control and governance processes within the Group.</p> <p>The Head of IAD reports directly to the BAC and administratively to Managing Director/Chief Executive Officer to ensure impartiality and independence in executing its role. The Internal Audit function is guided by its Audit Charter for the effective and efficient functioning of IAD as approved by the BAC which defines its responsibilities, authority and scope of work within the Group.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

## Practice 11.2

The board should disclose–

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Head of IAD reports directly to the BAC and administratively to MD/CEO to ensure impartiality and independence in executing its role. It is currently headed by Baba-A Rahman Tiriman who holds a Bachelor Degree in Business Administration from International Islamic University, Malaysia. He helmed the position since April 2018 and prior to that he has spent more than four (4) years in Internal Audit function at PETRONAS Group specifically overseeing the downstream business. He had nine (9) years' experience specialising in retail and commercial businesses within the PDB Group.</p> <p>The Group continues its commitment to equip the internal auditors with adequate knowledge to discharge their duties and responsibilities. IAD resources are adequate, appropriate, sufficient and effective to implement the approved plan including some collaborative effort with external line experts and resources from PETRONAS Group specifically on IT related areas. There are total of 11 internal auditors in PDB with diverse backgrounds and disciplines such as accounting, finance, business management, marketing, engineering, energy management, commerce and information technology. The internal auditors have sufficient mix of knowledge, skills and competencies to execute the audit plan.</p> <p>Internal Audit activities are guided by Audit Manual as well as the International Professional Practices Framework (IPPF) and adopted the five (5) components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) namely:</p> <ul style="list-style-type: none"> <li>• Control Environment</li> <li>• Risk Assessment</li> <li>• Control Activities</li> <li>• Information and Communication</li> <li>• Monitoring Activities</li> </ul>

	In maintaining independence and objectivity, auditors will not be assigned any scopes that would lead to a conflict of interest.	
<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 Board recognises the importance of effective communication with PDB's shareholders and other stakeholders including the general public. The two-way communication with our shareholders, investors and other stakeholders enables us to evaluate their views, feedback and concerns when making decisions. The Board believes its practices in this area are consistent with both the MCCG 2021's provisions concerning dialogue with the shareholders, investors and other stakeholders and with good governance. Information on the Group's business activities and financial performance is disseminated through announcements to Bursa Malaysia Securities Berhad (Bursa Malaysia), postings on PDB's website, press releases, issuance of the Integrated Report and where required, press conferences. Immediately after the conclusion of Annual General Meeting, PDB will hold a press conference with the media and any materials distributed during the press conference are published in PDB's corporate website.</p> <p>The Managing Director/Chief Executive Officer together with the Chief Financial Officer and the Company's Investor Relations Unit conduct regular engagements with institutional shareholders and analysts, and hold quarterly analyst briefings to further explain the Group's quarterly financial results. These engagements promote better understanding of the Group's financial performance and operations.</p> <p>PDB actively updates its corporate website <a href="http://www.mymesra.com.my">www.mymesra.com.my</a> with the latest information on the corporate and business aspects of the Group. Press releases, announcements to Bursa Malaysia, analyst briefings and quarterly results of the Group are also made available on the website and this helps to promote accessibility of information to PDB's shareholders and other stakeholders. Communication and feedback from investors can also be directed to email <a href="mailto:petdagIR@petronas.com">petdagIR@petronas.com</a>.</p> <p>The dissemination of timely and accurate information is important for shareholders and investors to enable them to make informed investment decisions about PDB.</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>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has adopted full integrated reporting for its Integrated Report 2021 based on a globally recognised framework.	
<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 13.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice and agenda of the Fully Virtual 39<sup>th</sup> Annual General Meeting (AGM) together with Forms of Proxy are dispatched to shareholders at least 28 days before the AGM, which gives shareholders sufficient time to prepare themselves to attend, speak (in the form of real time submission of typed texts) and vote remotely (collectively, “participate”) at the AGM using Remote Participation and Voting (RPV) the AGM or to appoint proxies to participate on their behalf. For the past five years, 28 days’ notice were issued to shareholders.</p> <p>Additional time given to the shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives or proxies. More importantly, it enables the shareholders to read the Integrated Report, consider the resolutions and make an informed decision in exercising their voting rights at the AGM.</p> <p>The notice is also published in a nationally circulated newspaper as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and is made available on the Company’s website.</p> <p>The notes to the Notice of the AGM had provided detailed explanations for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights. Whereas the Administrative Details which furnished useful information regarding the conduct of the AGM together with the explanatory guide on remote participation and voting were circulated to the shareholders together with the Notice of the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
------------------	---	--	--

### Intended Outcome

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

### Practice 13.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors with the Company Secretary and the Leadership Team together with the external auditors were present at the Fully Virtual 39<sup>th</sup> Annual General Meeting (AGM) of the Company via a fully virtual through live streaming and online remote voting via Remote Participation &amp; Voting (“RPV”) facilities which are available on Tricor Investor &amp; Issuing House Services Sdn Bhd’s (“Tricor”) TIH Online website at <a href="https://tiah.online">https://tiah.online</a>.</p> <p>During the 39<sup>th</sup> AGM, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Senior Management. He also shared with the shareholders the Company’s response to the questions submitted in advanced by the Minority Shareholders Watch Group (MSWG). Whilst the Managing Director/Chief Executive Officer presented a comprehensive review of the Group’s performance initiatives and value created for shareholders. This review was supported by a visual and graphic presentation of the key points and financial figures.</p> <p>The Chairmen of the Board Audit Committee, Nomination and Remuneration Committee and Board Risk Committee respond to any queries and clarifications addressed to them (if any).</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>At the Fully Virtual 39<sup>th</sup> Annual General Meeting (AGM) of the Company held on 28 April 2021, the Company had leveraged on technology to hold its AGM virtually via Remote Participation and Voting (RPV) facilities. This RPV facilities were provided by Tricor Investor &amp; Issuing House Services Sdn. Bhd. (Tricor), who was appointed as the Company's Poll Administrator, via its TIH Online website at <a href="https://tiih.online">https://tiih.online</a>.</p> <p>The AGM was conducted in accordance with the Company's constitution and in line with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Section 327 of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (revised on 16 July 2021), including any amendment that have been made from time to time. The Company had also appointed Boardroom Corporate Services Sdn Bhd as Independent Scrutineer to verify the poll results at the Company's AGM. Upon verification of the poll results, the Chairman of the Meeting declared whether the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. Minutes of the 39<sup>th</sup> AGM were also made available on the Company's website.</p> <p>The virtual AGM was streamed on Tricor's website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM. Detailed procedures were provided to the shareholders in the Administrative Guide of the AGM sent through email and by ordinary post; and the same were also published in the PDB's corporate website. A total number of 705 shareholders and proxies logged in through the RPV, which represented a total of 206,559,778 shares.</p> <p>PDB will continue to offer remote shareholders' participation in future general meetings and will undertake a further review to determine the measures that can be taken to facilitate shareholders' participation and enhance the quality of general meetings through the use of digital tools.</p>

	<p>On the cyber hygiene front, Tricor had confirmed that it has implemented an Information Technology and Information Security policy, endpoint controls and data classification for cyber hygiene practices of the staff. Stress test and penetration testing have been performed on TIIH Online in May 2021 to test its resiliency. Tricor Malaysia is ISO27001 certified in October 2021 and the TIIH Online is hosted on a secure cloud platform and the data centre is ISO27001 certified.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## Intended Outcome

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

## Practice 13.4

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The 39<sup>th</sup> Annual General Meeting (AGM) of the Company held on 28 April 2021 was conducted leveraging on technology, holding the AGM virtually in its entirety via Remote Participation and Voting (RPV) facilities. The virtual AGM was streamed on Tricor's website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely.</p> <p>The Company received 29 pre-submitted questions whereby out of 29 questions, 23 questions are on door gifts from the shareholders. The Company then addressed all 29 pre-submitted questions at the AGM.</p> <p>The Board endeavoured to answer all live questions posed by the shareholders. The Company received and addressed 41 live questions from the shareholders and their representative during the Questions &amp; Answers (Q&amp;A) session. Some of the questions were repetitive or similar to one another and this included the question on door gifts from the shareholders (where the Company had received 27 questions on this topic). 4 questions were received after the Q&amp;A session ended.</p> <p>All the questions and answers (including questions which were not answered at the AGM) was responded within three working days by publishing them in the Company's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a>.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

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

### Intended Outcome

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

### Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>At the Fully Virtual 39<sup>th</sup> Annual General Meeting (AGM) of the Company held on 28 April 2021, the Company had leveraged on technology to hold its AGM virtually in its entirety via Remote Participation and Voting (RPV) facilities. The virtual AGM was streamed on Tricor’s website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the AGM.</p> <p>The detailed procedures to participate the meeting remotely were provided to the shareholders in the Administrative Guide of the AGM which were sent through email and/or by ordinary post and the same were also published in the Company’s website.</p> <p>At the 39<sup>th</sup> AGM, a total number of 705 shareholders and proxies logged in through the RPV, which represented a total of 206,559,778 shares.</p> <p>The Chairman, the Managing Director/Chief Executive Officer (MD/CEO), the Senior Independent Director, the Chief Financial Officer and the Company Secretary attended physically at the Broadcast venue whereas other Board members, Senior Management and Shareholders attended the AGM virtually.</p> <p>The Company Secretary read the questions posed by the shareholders and the Chairman and/or MD/CEO answered the questions accordingly. To ensure effective communication, each question was also displayed on the screen as and when the Chairman and the MD/CEO provided their responses to the respective questions accordingly in an orderly manner.</p> <p>The 39<sup>th</sup> AGM proceeding went smoothly with the choice of RPV facilities.</p>

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

**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The minutes of the Fully Virtual 39 <sup>th</sup> Annual General Meeting (AGM) of the Company held on 28 April 2021 was circulated to shareholders within 30 business days after the conclusion of the AGM of the Company.  The minutes of the AGM of the Company is available on PDB's corporate website at <a href="http://www.mymesra.com.my">www.mymesra.com.my</a> .
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

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

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

Click or tap here to enter text.

