

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 3042  
**COMPANY NAME** : PETRON MALAYSIA REFINING & MARKETING BHD  
**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>General</p> <p>As at 31 December 2021, the Board has nine (9) members, with five (5) Independent Directors, one (1) Non-Executive Director and three (3) Executive Directors (including the Chairman). Effective 1 February 2022, an additional Independent Director was appointed to the Board of Directors in line with the Company's Board succession plan in 2022. The Company has a majority of Independent Directors.</p> <p><b>Board's Management of the Company</b></p> <p>The Board forms the mind and management of the Company and leads the Company. To ensure that it is able to fulfil its obligations to the Company and to ensure proper management of the Company, the Board meets at least five (5) times a year, with additional matters resolved by way of circular resolutions as and when required. Special meetings of the Board may be called when necessary. Each Independent Director brings invaluable judgment and skills to bear on issues of strategy, performance, resource allocation, risk management and standards of conduct. Balance in the Board is achieved and maintained with the composition of both Executive, Non-Executive and Independent Directors. In recognition that the Independent Directors have a primary role in providing unbiased and independent views, the Company has selectively appointed highly qualified individuals of integrity and character, with broad experience and proven business and management expertise. Currently, Y. Bhg. Dato' Zainal Abidin Putih is the longest serving Independent Director of the Company. Although he has not been formally appointed as the Senior Independent Director, shareholders are at liberty to approach Y. Bhg. Dato' Zainal Abidin Putih, or any of the other Independent Directors, to seek clarification should they have any queries or concerns relating to the Company and its Management. Following Y. Bhg. Dato' Zainal Abidin Putih's retirement at the conclusion of the Annual General Meeting 2022, Ms. Chua See Hua, following reappointment by the shareholders at the Annual General Meeting shall be the senior-most Independent Director on the Board for such purposes. This would be in addition to the ability of the shareholders and other stakeholders directly contacting the Executive Directors or Senior Management. By engaging the Independent Directors, the Management is able to elicit their views and benefit from the Independent Directors' vast experience and expertise in various fields of business including the downstream oil &amp; gas business. The engagement with the Independent Directors also enables the Company to manage Minority Shareholders' expectation that their rights continue to be protected.</p> <p>The strategic plans of the Company and the operating plans for the year to grow the business, including the key factors taken into consideration in determination of the plans, are considered and approved by the Board. Approval by the Board is also obtained for the Company's budget. The progress of plans and budget as approved, are reviewed mid-year (following an internal midyear review at Senior Management</p>

level) with adjustments made where deemed necessary. Adherence to the budget is also monitored in conjunction with the periodic review of the financials. The key to the strategic plans of the Company is long-term sustainability. The success of the Company (and indeed its rate of expansion in the downstream oil & gas business in Malaysia) in the ten (10) years since Petron acquired the business in 2012 is reflected by:

- The Company's rapid growth in the highly competitive Malaysian market to be recognised as a major downstream oil & gas company;
- The successful establishment of the 'Petron' brand in the Malaysian market, leading to the Company winning multiple national awards;
- The introduction of innovative products such as the RON100 gasoline (the highest octane rated gasoline in Malaysia) and the high-end Turbo Diesel Euro 5 fuel;
- The completion of (despite challenges posed by the Covid-19 pandemic) the Diesel Hydrotreater (DHT) and Marine Import Facility 2 (MIF2) projects - largest capital projects at the Company's Port Dickson refinery in 2021. The DHT will enable Euro-5 quality fuels to be produced by the refinery and thereby reducing reliance on imports and at the same time meeting stricter environmental requirements and regulations. The MIF2 with a 7km sub-sea pipeline and single buoy mooring system will enable berthing of larger vessels thus reducing supply cost and at the same time reducing the carbon footprint of multiple vessels usage. The MIF2 is also expected to help reduce demurrage cost due to vessel berthing congestion;
- The strong financial position of the Company; and
- The Company's consistent market capitalisation and healthy dividend payouts; that benefits the shareholders of the Company via healthy yields investments.

All this was done whilst maintaining an impeccable safety record with the Company's terminals having operated over twenty-five (25) years without any lost time injury (LTI). In addition, the Port Dickson Refinery's two (2) major projects namely, the DHT Project completed a cumulative of 3,275,383 manhours without LTI and the MIF2 Project completed a cumulative of 1,237,937 manhours without LTI, as at 13 January 2022.

Apart from the adoption of the Company's Vision and Mission Statements (adopted in 2012), to drive the Company's growth, the Company issued the Value Handbook in 2016. Entitled "ExCITES", it incorporates key values that will ensure the Company's success and long-term sustainability. ExCITES stresses on six (6) key values namely: Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety. While the ExCITES project was driven by Management, it was the employees who formed, planned and executed the project as part of a cross functional Department team effort. This move empowered the employees and ensured that they take ownership of and help drive the values. In 2019, the ExCITES programme was 'refreshed' with the infusion of additional teamwork emphasis to strengthen comradery in the workforce to enable the Company to achieve its long-term goals and ambition. It is to be noted that arising from the several movement control orders in 2020 relating to the Covid-19 pandemic, the implementation of the planned programmes for the 'refreshed' ExCITES had to be put on hold. However, despite working from home and working on a split team basis for a significant part of the year, the Company's and its employees' ability to manage the business operations and several of its major projects is testimony to ExCITES' values that remained well grounded in Petron's culture. In 2021, as the Company moves towards embracing the new pandemic and post-pandemic norms and its forward plans, the ExCITES' plans will again be brought to the fore to ensure that the Company's continued and sustainable success will always remain focused. A re-launch of ExCITES to once again drive the strong 'Petron Family' values and culture is expected in 2022 as a post pandemic measure to return to and leverage on Petron's strengths.

The Board recognises that the business of the Company is one that has a moderate to high level of risk in terms of business, financial, economic outlook, environmental, safety and community/social risks. These are at all times kept in mind in planning and executing any venture that is to be undertaken by the Company. The Board nevertheless acknowledges that it is there to manage a business and risks (as in all businesses) are inherent part of the business. The Board recognises that identifying and adopting solutions to manage those risks is imperative in business and finding a successful balance between managing risks and promoting the business objectives of the Company is a consideration the Board fully recognizes as necessary for its sustainability. The matters pertaining to risk management can be further viewed under the Statement of Risk Management and Internal Controls at pages 81 to 84, as well as the Board Audit & Risk Management Committee Report at pages 85 to 89. An

	<p>overview of the Company's risk management is also stated below in Part B of this Corporate Governance Overview Statement.</p> <p><b>The Board and Management</b></p> <p>The Board in ensuring the success of the Company's plans and operations, has in place a highly energetic and motivated team of Senior Management personnel (that form the Management Committee). This Committee is led by the Chief Executive Officer and supported by the General Manager of Petron in Malaysia. The Management Committee is comprised of a mix of Malaysian personnel as well as senior personnel seconded from the parent company (Petron Corporation) each of whom have impeccable qualifications, vast experience in the industry and the management skills necessary to deliver on the plans and objectives of the Company. Each key department is headed by a Head of Department with personnel identified and groomed to eventually succeed the Head of Department as part of the succession plan. This is part of an on-going review and the plans include rotation of the personnel's assignment to various functions within the Company to gain experience and exposure on the overall business and management of the Company. The details of the Management Committee members are as in pages 55 to 57.</p> <p><b>Effective Stakeholder Communications</b></p> <p>The Company has written guidelines on shareholders communication that are incorporated in the Company's Corporate Communication and Disclosure Guidelines that can be accessed on the Company's website. The guidelines also incorporate the parent company's best practices on all matters pertaining to communication, be it with shareholder or other stakeholders.</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

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 Chairman of the Board</p> <p>The Chairman of the Board, Mr. Ramon S. Ang, was appointed by the Board on 2 April 2012 upon the take-over of the Company by Petron Corporation on 31 March 2012, a takeover that he was instrumental in driving.</p> <p>Mr. Ang is the President of the ultimate holding company, San Miguel Corporation and is also Chief Executive Officer of parent company, Petron Corporation. With his senior executive positions at the group level, he has and continues to provide the vision and executive leadership that has in a span of some ten (10) years since the takeover, led the Company to its present success as a major downstream oil &amp; gas company in Malaysia.</p> <p>Mr. Ang continues to be the driving force behind Petron's plans to further strengthen its market position in Malaysia. Mr. Ang in his capacity as Chairman of the Board, reviews and approves the Agenda for every Board meeting. Similarly, all Board papers and Board resolutions (including those completed via circulars) are reviewed and approved in order that the papers and resolutions meet the needs of the Board in relation to information necessary for the Board to make a determination. As Chairman, with the assistance of the Company Secretary, he ensures that the relevant Board papers are disseminated to the Directors in advance of the Board meetings to enable the Directors to read, understand, evaluate and raise issues for discussion or clarification, before a determination is made by the Board. As a general rule, the Board papers are disseminated at least five (5) days before a meeting. The Chairman chairs meetings of the Board (and leads the Board at the Annual General Meeting). The Chairman seeks the input from members of the Board and encourages members of the Board to express their views; even where the views may be divergent to the proposal moved by Management with the support of the Executive Directors.</p> <p>The Chairman strongly believes in unanimous decisions by the Board as Directors take collective responsibility for decisions. As a general practice, where there are divergence in views, the matter will be referred by the Chairman to Management for a further review (to take into consideration views expressed by Board members) and for Board to make a determination at a later date. As a further measure to encourage active discussions in a candid manner (without the presence of the Chairman at such discussion), as a general practice, matters that are referred to the Board (be it for approval or notation) are first reviewed by either the Board Audit &amp; Risk Management Committee (or where within its purview, the Nominating Committee). Discussions and views expressed at these meetings are then shared with the Board.</p> <p>The Chairman in his capacity as an Executive Director (along with the other Executive Directors) is actively involved in the day-to-day management issues especially where they relate to strategic acquisitions or disposals, major procurement issues and plans for business development. The Chairman is also provided an extensive management and business update monthly by Management, from which Management receives instructions from the Chairman on expectations.</p> <p>The Chairman reviews plans by Management in engaging stakeholders and shareholders. Communication plans and proposed meetings (for example with potential investors, plant visits requests, visits by regulators and other government officials) including plans on discussion and presentation to shareholders during general meetings, are reviewed with the Chairman. The aim is to provide meaningful information to the shareholders and stakeholders whilst seeking to avoid providing</p>

	<p>information that may be confidential or business sensitive that could prejudice the Company and its interests.</p> <p>To ensure adherence with the governance requirements, the Chairman ensures that the Board is provided updates on all new laws and regulations pertaining to corporate matters including governance. This in turn enables the Directors to ensure that the Company and Management not only adhere to the requirements on governance but also continue to practise the well-entrenched principles and policies of its Code of Conduct in managing the Company as a well-managed and sustainable business entity.</p> <p>Directors are also encouraged to attend additional training programmes, details of which can be viewed in Part D of this Corporate Governance Overview Statement. The Chairman of the Board will not also hold office as Chairman of the Board Audit &amp; Risk Management Committee or the Nominating Committee at the same time.</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

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 Chairman and the Chief Executive Officer</p> <p>The position of Chairman and Chief Executive Officer are held by different persons. Mr. Ramon S. Ang is the Chairman of the Board. He is also an Executive Director. The Chairman is neither a Member of the Board Audit &amp; Risk Management Committee nor the Nominating Committee. Mr. Lubin B. Nepomuceno is the Chief Executive Officer. He is also an Executive Director and the Chairman of the Management Committee that is tasked with the day-to-day operational management of the Company.</p> <p>The separation was implemented in 2013 as recommended by the then Malaysian Corporate Governance Code 2012. The Company and the Board will continue with this practice. The separation in offices is also expressly stated in the Board Charter. The Board Charter further specifies the separate roles and responsibilities of the Chairman and the Chief Executive Officer.</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

<p><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></p>	
<p><b>Application</b> :</p>	<p>Applied</p>
<p><b>Explanation on application of the practice</b> :</p>	<p>Chairman of Board Audit &amp; Risk Management Committee: Y. Bhg. Dato' Zainal Abidin Bin Putih</p> <p>Members:</p> <ol style="list-style-type: none"> <li>1. Ms Chua See Hua</li> <li>2. Mr Fong Seow Kee</li> <li>3. Mr Antonio M. Cailao</li> <li>4. Y. Bhg. Dato' Noorizah Binti Hj Abd Hamid</li> <li>5. Y. Bhg. Datuk Nik Mohd Hasyudeen Bin Yusof (wef 1 February 2022)</li> </ol> <p>Chairman of Nominating Committee: Ms Chua See Hua</p> <p>Members:</p> <ol style="list-style-type: none"> <li>1. Y. Bhg. Dato' Zainal Abidin Bin Putih</li> <li>2. Mr Ferdinand K Constantino</li> </ol> <p>Mr. Ramon S. Ang is the Chairman of the Board. He is also an Executive Director. The Chairman is neither a Member of the Board Audit &amp; Risk Management Committee nor the Nominating Committee.</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

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>MR. MANOJ DEVADASAN General Counsel/Company Secretary/ HR Manager</p> <p>Qualifications:</p> <ul style="list-style-type: none"><li>• B. Soc. Sc. (Hons.) (Law/ Politics), University of Keele, United Kingdom.</li><li>• Barrister-at-Law (Lincoln's Inn, United Kingdom).</li><li>• Masters in Law (LL.M), University of Malaya, Malaysia.</li><li>• Licensed Company Secretary.</li></ul> <p>Working Experience:</p> <ul style="list-style-type: none"><li>• Mr. Manoj Devadasan has held the position of General Counsel/Company Secretary of PMRMB since 2012 and HR Manager since 2018.</li><li>• He also serves as the General Counsel/Company Secretary/HR Manager of the other subsidiaries of Petron Corporation in Malaysia.</li><li>• He has served as the Company Secretary of the ExxonMobil Subsidiaries in Malaysia (including then Esso Malaysia Berhad) from 2006</li></ul> <p>Mr Manoj Devadasan is a qualified and competent Company Secretary who provides sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices to the Board of Directors and Management of the Company.</p> <p>The Board has full access to the service and advice of the Company Secretary. The Company Secretary, who is also the General Counsel of the group of Petron companies in Malaysia and a member of the Management Committee, has over 30 years of experience in legal matters and over 24 years of experience as a Company Secretary including that pertaining to a public listed company.</p> <p>The Company Secretary is responsible for all arrangements in relation to Board Committee meetings, Annual General Meetings (including preparing and maintaining minutes thereof), Annual Reports, as well as ensuring the Company's timely and accurate disclosure to Bursa Malaysia Securities Berhad and ensuring adherence to the Company's Constitution, compliance by the Company with MMLR and other securities and corporate laws and regulatory requirements.</p> <p>The Company Secretary is responsible for the compilation and dissemination of the Board and Committee files to the Directors in a timely manner. As a general rule, the files are disseminated at least five (5) days before the meeting.</p> <p>The Company Secretary (in his role as General Counsel) is responsible for the overall corporate compliance by the Company and its Directors (including in relation to the Company's Code of Conduct). He provides advise to the Board on new legal or quasi-legal requirements on governance, including that relating to the Companies Act 2016, the Malaysian Code on Corporate Governance 2017 and the Listing Requirements and spearheads the Company's plans to manage the impact of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 that will be enforced on June 1, 2020. He further provides the Directors with information on available training to ensure Directors undergo continuous training that can enhance their ability to discharge their duties to the Board and Company.</p>

	The Company Secretary is also the focal point for all investor related queries and manages requests for meeting and information, in collaboration with other relevant Departments in the Company.	
<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>Chairman of the Board reviews and approves the Agenda for every Board meeting. Similarly, all Board papers and Board resolutions (including those completed via circulars) are reviewed and approved in order that the papers and resolutions meet the needs of the Board in relation to information necessary for the Board to make a determination. As Chairman, with the assistance of the Company Secretary, he ensures that the relevant Board papers are disseminated to the Directors in advance of the Board meetings to enable the Directors to read, understand, evaluate and raise issues for discussion or clarification, before a determination is made by the Board.</p> <p>As a general rule, the Board papers are disseminated at least five (5) days before a meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.</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 Charter</p> <p>The Company has a Board Charter that has been in place since 1974 and is periodically updated. The most recent update was on 26 August 2021 to incorporate the CG Code 2021 recommendations in relation to tenure of Independent Directors. The Board Charter had in 2018, undergone revisions to meet the requirements of the CG Code 2017. In 2016, as an avenue to communicate the Company's approach to important governance practices, the Company formalised its Board Charter and made it public by providing access to it on the Company's website. The Board Charter deals with its purpose, authority, role of the Board, the Board Committees, the relationship between the Board and Management, responsibilities specifically reserved for the Board and the Board's other responsibilities, the Board composition, the individual roles of the Chairman and the Chief Executive Officer, annual assessment of the Board, Board Committees and individual Directors, tenure of Independent Directors, annual election/re-election of Directors, Directors' responsibilities in relation to the Board and Board Committees, meetings of the Board, minutes and review of the Board Charter. Whilst the Board has not appointed a Senior Independent Director, relevant provisions was incorporated into the Board Charter as part of the 2018 review.</p> <p>However, recognising that the Board cannot manage day to day operational matters, necessary delegation of authority by the Board (as is permitted by law and the constitution of the Company) is in place. Such delegation of authority, as adopted by the Board, acts to identify the roles and responsibilities of the Management Committee and individual Management personnel, as well as the relevant level of authority that has been delegated by the Board. The Board Charter and the Management Committee Charter are reviewed periodically by the Board and updated as necessary. The Management Committee Charter was last reviewed in 2018. An internal review in 2021 concluded that there was no need for any amendments to the Management Committee Charter for the time being. Changes to the delegation of authority to individual Management personnel are reviewed at quarterly meetings by the Board Audit &amp; Risk Management Committee and approved by the Board.</p> <p>For day-to-day operational management purposes, there is a Management Committee – whose members are appointed by the Board. The Management Committee is headed by the Chief Executive Officer. The powers of the Management Committee are spelt out in the Management Committee Charter. The Management Committee Charter can be viewed on the Company's website. All matters that are not within the purview of the Management Committee (per the Management Committee Charter) are powers specifically reserved for the Board. The Management Committee Charter was last reviewed and amended in April 2012 and reviewed again in 2018 in conjunction with amendments to the Board Charter.</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 Company has a written Code of Conduct in place that can also be accessed on the Company's website <a href="http://www.petrone.com.my">www.petrone.com.my</a>.</p> <p>The Code of Conduct has been communicated to the Company's employees, contractors and vendors, so that they have a clear understanding of the Company's requirements. These include policies on business ethics, conflicts of interest, alcohol and drug use, gifts and entertainment, harassment in the workplace and employees' outside directorships. The Code of Conduct was updated in 2017 to incorporate revised guidelines issued by the parent company in relation to enhanced restrictions on receipt of gifts. Periodic training is also carried out for employees, contractors and vendors to ensure understanding of the requirements. Standard contracts of the Company (including employment contracts and contracts with third party vendors/contractors), also incorporate key provisions of the Code of Conduct as standard terms in such contracts, thus, ensuring the Code of Conduct will be adhered to at all times. All employees of the Company have undergone training on the Standards of Business Conduct and new hires are required to undergo a comprehensive and compulsory training on the Standards of Business Conduct. Such training for new hires is conducted twice yearly. In 2018, a 'refresher' training programme on the Code of Conduct was implemented for all employees. Another refresher was held in 2020 but due to the Covid-19 pandemic, could not be completed for all the staff in 2020 but was conducted online and completed in 2021.</p> <p>It is to be highlighted that a revised set of Code of Conduct that includes revised Policies on sexual harassment, anti-corruption, anti-money laundering and whistleblower protection policy has been approved for implementation in 2022. The revised Code of Conduct is available on the Company's website at <a href="http://www.petrone.com.my">www.petrone.com.my</a>.</p> <p>In relation to the enforcement of the Code of Conduct, Petron Malaysia has a comprehensive set of written guidelines on managing and implementing disciplinary action for violations of the Code of Conduct.</p> <p><b>Anti-Corruption Initiatives</b></p> <p>As part of the Company's preparation in addressing its corporate liability for bribery and corruption offences under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, PMRMB and its sister companies in Malaysia have undertaken the following steps:</p> <ol style="list-style-type: none"><li>1. Commencement in December 2019 of a series of training to inform the employees of the impact of the new law, not only to the employees, but also the corporate liability risk to the company and its Directors and senior management. The trainings continued in 2020 to ensure all employees are trained on what is expected of them in helping to implement the Company's requirements and the expected behavior from each employee.</li><li>2. The adoption of the ultimate parent company San Miguel Corporation's policy on gifts and entertainment. This is to be read together with the</li></ol>

existing provisions contained in the Company's Standards of Business Conduct.

3. The implementation of a new Whistle-Blower protection policy.
4. Enforcement of a Petron Malaysia based declaration and review/approval process, in relation to minor exceptions (for reasonable business-related entertainment and low value festive gifts).
5. The preparation of a manual to include the Company's policy, action-plan, implementation processes flow, approval processes for exceptions.
6. In the third Quarter of 2020, the Company also commenced a refresher course for employees to update on expectations of the Company in relation to Petron's Standards of Business Conduct. However, this was disrupted by the Conditional Movement Control Order restrictions that led to work from home and split team operations. The programme was then completed in 2021.
7. The Company also conducted training and compliance programme to ensure understanding by the employees and strict compliance with applicable laws and regulations relating to anti-money laundering and counter financing of terrorism.
8. Background checks in recruitment of employees were performed particularly for employees in management positions and tasked with decision-making obligations.
9. Also performed was know-your-client/risk assessment whereby Customer Due Diligence (CDD) measures were taken to ascertain customer's identity and establish beneficiaries via documentary evidence prior to any business engagements to assess integrity of counterparties.

Whilst the Company (and its sister companies) has an excellent record for their 'zero tolerance' on corruption and strict adherence to its policies on gifts and entertainment, the continued reinforcement of the Company's policy and expectation through regular training and reminders will be reinforced periodically and especially during festive seasons.

#### **Insider Trading**

Due to the Directors and selected members of staff having access to unpublished price sensitive information, including undisclosed financials (e.g. quarterly results) a reminder is issued every Quarter prior to the one month "closed period" to all Directors and members of staff with access to such information cautioning them on insider trading laws and penalties as well as restrictions and exceptions in relation to trading on the company's listed shares during the closed period.

#### **Anti-Money Laundering**

As one of the Company's sister company, Petron Fuel International Sdn Bhd is licensed by Bank Negara Malaysia in relation to one of its products, the Company (and its sister companies) ('Group') are all required to be in full compliance with the strict guidelines in ensuring compliance with laws on anti-money laundering, counter-financing of terrorism and proceeds from unlawful activities. In this regard, the Group has a compliance team led by a Compliance Officer who not only provide training and guidance to the entire group but also conduct evaluations of risk in various elements of the Group's business set out required mitigation processes and evaluate and monitor the effectiveness of the same. This includes elements such as customer onboarding, customer due-diligence (including enhanced) risk evaluation, risk mitigation and record-keeping. The Compliance unit also provides not only guidance but is also tasked with review and clearance of certain matters that are referred to it pursuant to the internal policies and procedures.

The Whistleblower protection afforded by the Company's policy further enhances the Company's ability to obtain necessary information pertaining to possible breaches of the Code of Conduct allowing the Company the ability to conduct investigation and take disciplinary measures.

#### **Audit Reviews**

The Compliance function also undergoes periodic audit (both internal and required regulatory audits).

#### **Reporting to Directors**

All matter pertaining to Anti-Money laundering/ Anti-Corruption compliance including preparatory work, training, setting up of procedures, etc. as well as any violations of

	the Code of Conduct and disciplinary measures taken are reported on a quarterly basis to the Board Audit & Risk Management Committee.	
<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>Key factor toward ensuring that the Code of Conduct is effective, is the flow of information to Management of any violations or purported violations. The Code of Conduct provides for 'whistle-blower' protection.</p> <p>In order for such information to be forthcoming, the employees are (as part of their training on the Code of Conduct) provided guidance on how they should report violations and are given assurance of the protection of 'whistle-blowers'.</p> <p>All investigations are carried out expeditiously and confidentially by the relevant Head of Department and all such investigations are conducted with the support of the offices of the General Counsel and Human Resources Department. The process for any investigations on purported misconduct will be carried out in accordance with the Company's written guidelines on managing misconduct. Where there is any conflict of interest that can impact an independent investigation, the services of the Internal Audit Department can be sought.</p> <p>The policies on protection of 'whistle-blowers' and conveying the assurance of 'whistle-blowers' protection was reinforced during the 'refresher' training programme for employees in 2020/2021.</p> <p>It is to be highlighted that a revised set of Code of Conduct that includes revised Policies on sexual harassment, anti-corruption, anti-money laundering and whistle-blower protection policy has been approved for implementation in 2022. The revised Code of Conduct is available on the Company's website at <a href="http://www.petrone.com.my">www.petrone.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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and Management are also fully supportive of and embrace the need for better Environment, Sustainability and Governance (ESG) implementation and reporting management in 2021 in line with the recommendations of CG Code 2021.</p> <p>In this regard, a taskforce comprised of the General Manager and selected senior Management personnel are managing the efforts. The main driving force on ESG related matters will be the Board of Directors via a planned new Board Committee for this purpose.</p> <p>The Manager of the Corporate Affairs Department is the person identified to manage the day-to-day Sustainability-related matters such as to implement the strategies and advising on integrating sustainability strategies and plans in the Company's operations. She receives guidance from the General Manager and works closely with the Management Committee members in this regard.</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>	:	<p>The Board and management strive to integrate sustainable practices into our business management and operations to ensure continuous value creation for our stakeholders.</p> <p>The Sustainability Council which consists of members from the Management Committee who is responsible in managing day to day activities of the Company under the four sustainability pillars of economic, environmental, social and governance. The Council also communicates the organisation’s strategies, priorities and targets as well as performance to key stakeholders apart from managing sustainability matters. The Council is supported by a Technical Working Group comprising representatives from key departments across the organisation.</p>	
		<u>FREQUENCY</u>	<u>ROLES &amp; RESPONSIBILITIES</u>
		<p><u>Sustainability Council</u></p> <p>6 times a year</p>	<ul style="list-style-type: none"> <li>• Communicate the company’s sustainability strategies, priorities and targets as well as performance to internal and external stakeholders</li> <li>• Drive strategic management of material sustainability matters</li> <li>• Recommend appropriate Sustainability KPIs in addressing the company’s material matters</li> </ul>
		<p><u>Technical Working Group</u></p> <p>12 times a year</p>	<ul style="list-style-type: none"> <li>• Execute the company’s sustainability strategies, priorities and targets</li> <li>• Implement sustainability-related tasks and initiatives on a day-to-day basis</li> <li>• Gather and compile sustainability-related data</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

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

### Practice 4.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To ensure the board stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities, the Chairman ensures that the Board is provided updates on all new laws and regulations pertaining to sustainability risks and opportunities.</p> <p>Directors have attended trainings programmes on sustainability issues and governance the details of which can be viewed in Part D of the Corporate Governance Overview Statement in the 2021 Annual Report.</p> <p>The Company's ultimate parent company San Miguel Corporation has engaged an advisor at group level in Manila to coordinate its own EESG Reporting efforts at group level. PMRMB is involved in that program too. And as PMRMB and its sister company, Petron Fuel International Sdn Bhd have similar operations, we take an integrated approach on all EESG where applicable in Malaysia.</p> <p>Matters pertaining to EESG are at the moment are reviewed by the Board Audit &amp; Risk Management Committee during their quarterly meetings. Present at these meetings are other Executive Directors, the CEO and Senior Management personnel. The Board is working towards the formation of a new Board Committee to manage the EESG matters for the Company. This new Committee is expected to be in place by the second quarter of 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>While a specific component of sustainability is not in the Performance Evaluation in 2021, elements of it are incorporated in the annual evaluation.</p> <p>In this regard, for the annual performance evaluation, the Nominating Committee considered amongst others, the roles played by Directors (individually and as a group) during the year. The Nominating Committee also considered its role in charting the course for the Company, setting out the strategic plans for the Company and stewarding the implementation process. Aligned with the Sustainability Policy adopted by the Company.</p> <p>Each Senior Management personnel on the Management Committee are regular employees who individually undergo an annual performance appraisal conducted by their superiors. These appraisals, determination of ratings and the resulting level increments and performance bonus (if any) are conducted and determined independent of the said Senior Management personnel that takes into account various factors including their contributions towards the Company’s overall policies (that includes sustainability).</p> <p>Th Board has taken measures to include specifically a sustainability component as part of the Board of Directors evaluation for 2023 (reportable in 2023).</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.5- 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>	:	The Board has identified the Manager of the Corporate Affairs Department as the person to manage the day-to-day Sustainability-related matters such as to implement the strategies and advising on integrating sustainability strategies and plans in the Company's operations. She receives guidance from the General Manager and works closely with the Management Committee members in this regard.

**Intended Outcome**

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

**Practice 5.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nominating Committee ensures that the composition of the board is refreshed periodically. From its annual evaluation of the Board, individual directors and Board Committee considers the possible re-election of Directors who will be retiring but being eligible will seek re-election at the Annual General Meeting. A comprehensive survey is carried out as part of the evaluation and ratings therein assist the Nominating Committee in considering if the Committee should endorse a re-election and make a recommendation to the Board of Directors to support such re-election.</p> <p>Other factors taken into account includes recent other directorships or other interests of the said Directors attained or gained in the past year that places too heavy a burden on a Director to discharge his or her duty towards the Company. The issue of any conflict of interest is also assessed.</p> <p>The tenure of Independent Directors is limited in the Board Charter and is as recommended by the CG Code 2021.</p> <p>Any further limitations to be imposed on the tenure of independent directors will be considered during periodic reviews.</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>As at 31 December 2021, the Board has nine (9) members, with five (5) Independent Directors, one (1) Non-Executive Director and three (3) Executive Directors (including the Chairman). Effective 1 February 2022, an additional Independent Director was appointed to the Board of Directors in line with the Company's Board succession plan in 2022.</p> <p>The Company recognises the value of having a majority of Independent Directors on the Board as their diverse qualifications, experiences, skills and abilities to provide a 'cold-eye' critical review of Management's proposals and presentations, will help the overall management of the Company and allow the Company's strong governance process to continue improving. As at the end of the 2021, the Board comprised of a majority of Independent Directors (as well as meeting the minimum of thirty per cent (30%) women Directors on the Board) thus meeting the recommendations of the CG Code 2021 in regard to 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 5.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Independent Director, Y. Bhg. Dato' Zainal Abidin Putih, who is also the Chairman of the Board Audit &amp; Risk Management Committee, has exceeded a tenure of twelve (12) years on the Board, and as recommended by the CG Code 2021, will retire from the Board at the conclusion of the Annual General Meeting in 2022. In relation to his long tenure on the Board since 2003 and his continued annual reappointment to the Board under the CG Code 2017, the Company wishes to state that whilst it recognises the rationale for the imposition of a twelve (12) year tenure limit as familiarity with main shareholders, executive directors and Senior Management may, over a long duration, impinge upon the Independent Directors' ability to objectively and independently discharge their roles and responsibilities, there were compelling reasons for the retention of Y. Bhg. Dato' Zainal Abidin Putih.</p> <p>Ms. Chua See Hua would have served a total of ten (10) years immediately before the Annual General Meeting in 2022. Per the recommendation of the CG Code 2021, Ms. Chua See Hua, if she was to be reappointed must undergo a two-tier voting at the Annual General Meeting.</p> <p>The Board of Directors, having considered the tenure of Ms. Chua See Hua on the Board is of the firm view that she should be re-appointed by the shareholders at the 2022 Annual General Meeting to serve another year in office. The reasons for this include:</p> <ol style="list-style-type: none"><li>1. With the retirement of Y. Bhg. Dato' Zainal Abidin Putih, if Ms. Chua See Hua were to also retire in 2022, there will be a great void in the Board as two (2) of the senior most Independent Directors will be vacating office at the same time. This cannot be in the interest of minority shareholders whose interest they are strong advocates of.</li><li>2. staggered retirement/ succession on the Board of senior Independent Directors is not without precedent as the same was done previously in relation to the staggered retirements of Y. Bhg. Tan Sri Dato' Dr. Syed Jalaludin Syed Salim and Y. Bhg. Tan Sri Abdul Halim Ali, to ensure gradual and planned succession and minimal disruption to the Board.</li><li>3. Ms. Chua See Hua is also assisting the Board with a review of the Board evaluation criteria in 2022 for implementation in 2023.</li><li>4. The Board therefore views Ms. Chua See Hua's continued presence on the Board is of vital importance not only to protect the interest of minority shareholders but also to assist the Board with its governance endeavours and by providing the Board with invaluable advice as the senior most Independent Director following the retirement of Y. Bhg. Dato' Zainal Abidin Putih.</li></ol> <p>The election process for Ms. Chua See Hua at the 2022 Annual General Meeting, will follow the 'two-tier' voting system prescribed by the CG Code 2021 and as stated in the Board Charter. The voting on Ms. Chua See Hua's re-appointment will be conducted by poll.</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 5.4 - 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>	: <p>The board has a policy which limits the tenure of its independent directors to nine years without further extension and this is embodied in the Board Charter. The Company's Board Charter has been in place since 1974 and is periodically updated. The most recent update was on 26 August 2021 to incorporate the CG Code 2021 recommendations in relation to limit the tenure of Independent Directors.</p> <p>An Independent Director who has exceeded a total cumulative 9 years of service on the Board may continue to serve on the Board subject to the Director's re-designation as a Non- Independent Director. Where the Board seeks to retain the said person as an Independent Director, the Board must justify and seek shareholders' approval to retain such person as an Independent Director for another year.</p> <p>For 2022, in line with the CG Code 2021, Y. Bhg. Dato' Zainal Abidin Putih who has exceeded 12 years in office (the maximum permitted by the Board Charter) shall retire and not seek re-election. Ms Chua See Hua who has served 9 years on the Board as an Independent Director is recommended by the Board to the shareholders to be re-appointed as an Independent Director in 2022. Ms Chua's appointment shall be by a two-tier voting process and shall be a vote by poll.</p>

## Intended Outcome

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

## Practice 5.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors is currently comprised of persons with a diverse range of qualifications, experiences and skills. These include qualified engineers, accountants, a banker and a lawyer, with diverse experience including in the downstream oil &amp; gas industry, banking, corporate advisory, finance and venture capital work, all of which brings to the Board a diverse pool of highly talented individuals who are able to critically review and provide the Board and Senior Management candid views and advice on the strategy, business plans, operations, finance, products and other areas including customer relations and marketing. Their diverse cultural backgrounds – Malaysian and Filipino – provide the Board with a balance of understanding in managing the expectations of the stakeholders and, at the same time, the Company's business needs.</p> <p>As at 31 December 2021, the Board is comprised of nine (9) members of whom three (3) are women Directors. Of the three (3) women Directors, two (2) are Independent Directors (one of whom is also the Chairperson of the Nominating Committee) and one (1) Executive Director.</p> <p>The Nominating Committee, in recommending candidates, places emphasis on recommending the 'best person' for the job and for the Company regardless of race, religion, gender or social background. The same applies to the appointment of Directors to the Board. In considering candidates for appointment to the Board, the Nominating Committee places emphasis on the candidates' experience, qualifications, character, integrity, competence and available time to commit to the Company. As is the Company's practice of diversity, the Board and indeed the Nominating Committee is also keen to ensure diversity not only in gender but also in relation to age and ethnicity.</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 5.6

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>	:	When seeking candidates for appointment, potential candidates are sought from existing Directors as well as external consultant. This same process was applied in February 2022 when a new Independent Director was sourced for appointment. From these candidates, a selection is made based on the specific skill sets required – in this case in accounting/finance and exposure to high level regulatory work as well as managing a large public company. Another factor was the ability of the selected candidate to work closely with other Independent Directors in discharging their collective duty. Based on those criteria, the candidate selected was someone recommended by a senior Independent Director as opposed to that recommended by the Consultant.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 5.7

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Shareholder may access all information they require to make informed decision on the appointment and reappointment of a director by referring to the Director's Profile in the 2021 Annual Report and Statement Accompanying Notice of Annual General Meeting.</p> <p>Directors standing for re-election/appointment</p> <ul style="list-style-type: none"><li>• Mr. Ferdinand K. Constantino, Mr. Fong Seow Kee and Mr. Antonio M. Cailao, retire by rotation and are eligible for re-election pursuant to Article 103 and 104 of the Company's Constitution.</li><li>• Y. Bhg. Datuk Nik Mohd Hasyudeen Bin Yusoff, who was appointed as an Independent Director by the Board effective 1 February 2022, retires pursuant to Article 109 of the Company's Constitution and is eligible for election.</li><li>• Y. Bhg. Dato' Zainal Abidin Putih, is an Independent Director of the Company. As Y. Bhg. Dato' Zainal Abidin Putih has served on the Board for more than twelve (12) years, in compliance with Malaysian Code on Corporate Governance 2021 (CG Code 2021), he will retire at the conclusion of the AGM.</li><li>• Ms. Chua See Hua is an Independent Director of the Company. As Ms. Chua See Hua has served on the Board for more than nine (9) years, in compliance with the Malaysian Code on Corporate Governance 2021, she will retire at the conclusion of the AGM. The Board is however desirous of appointing Ms. Chua See Hua for another term as an Independent Director. The Board is of the opinion that Ms. Chua See Hua, who is also the Chairman of the Nominating Committee, has a wealth of experience and knowledge about the Company's business and the oil &amp; gas industry and can greatly contribute to the continued excellence in the functioning of the Nominating Committee and the Board. Further, she can continue to contribute by providing sound advice to the Independent Directors and the Board as a whole, guiding the Company in its plans and policies, and at the same time, acting to protect the interest of minority shareholders. Ms. Chua is also currently working on implementing the independent annual evaluation process for the Board for the Company to adhere to the recommendation of the CG Code 2021. The Board's recommendation to appoint Ms. Chua to another term is also based on the fact that with Y. Bhg. Dato' Zainal Abidin Putih's retirement, if Ms. Chua is not appointed as recommended, the Board and Company stands to lose both its senior most Independent Directors at the same time. The Board would prefer a more staggered approach on retirement and succession on the Board for better stability. Ms. Chua's appointment as recommended shall (per recommendation of the CG Code 2021) be by means of a two-tier voting and the Board strongly urges minority shareholders to support her appointment at the AGM.</li><li>• The Nominating Committee following its annual evaluation of the Board's performance, concluded that Mr. Ferdinand K. Constantino, Mr. Fong Seow Kee, Mr. Antonio M. Cailao, Y. Bhg. Dato' Zainal Abidin Putih and Ms. Chua See Hua, in performing their duties as Directors, have met and/or exceeded expectations. The Board (based on representations by the Nominating Committee) recommends to the</li></ul>

	<p>shareholders that Mr. Ferdinand K. Constantino, Mr. Fong Seow Kee, Mr. Antonio M. Cailao, Y. Bhg. Datuk Nik Mohd Hasyudeen Bin Yusoff, be re-elected/elected to the Board and that Ms. Chua See Hua be appointed to the Board for another one-year term as an Independent Director.</p> <p>The above Directors profile containing their qualifications, experience and other directorships can be viewed on pages 46 to 54 of the 2021 Annual Report.</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 5.8**

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 Nominating Committee is comprised of 3 Directors of whom two (2) are Independent Directors and one (1) a Non-Executive Director. The Chairperson of the Nominating Committee is an Independent Director. The Committee Members are:</p> <p>(a) Ms Chua See Hua (Chairperson/Independent Director);          (b) Y. Bhg. Dato' Zainal Abidin Putih (Independent Director); and          (c) Mr Ferdinand K. Constantino (Non-Executive 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>	:	The Nominating Committee, on 27 February 2020 evaluated and recommended to the Board for the appointment of Y. Bhg. Dato' Noorizah Binti Hj Abd Hamid to the Board. With this appointment, the Board has a majority of Independent Directors and a minimum of thirty per cent (30%) women Directors on the Board; thus meeting the recommendations of the Malaysian Corporate Governance Code 2017 in regard to the Board composition.
<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>Board Diversity</p> <p>The Nominating Committee, in recommending candidates, places emphasis on recommending the 'best person' for the job and for the Company regardless of race, religion, gender or social background. The same applies to the appointment of Directors to the Board. In considering candidates for appointment to the Board, the Nominating Committee places emphasis on the candidates' experience, qualifications, character, integrity, competence and available time to commit to the Company. As is the Company's practice of diversity, the Board and indeed the Nominating Committee is also keen to ensure diversity not only in gender but also in relation to age and ethnicity.</p> <p>Diversity in Senior Management</p> <p>The Company's Code of Conduct, called the "Standards of Business Conduct", specifies that the Company is an equal opportunities employer and does not discriminate on gender, race or religion in relation to employees, including in relation to hiring and promotions. The Company operates purely on a merit-based process in determining hiring and promotions. Gender plays no role whatsoever in the process. For instance, the Company engaged woman manager to replace a man in the key position of General Manager of Petron in Malaysia. Senior Management is made up of seven (7) Heads of Department/Managers that are in charge of key Departments. These are the Chief Executive Officer (who is also the Chairman of the Management Committee), the General Manager, the Chief Finance Officer, Head of Retail and Commercial Business, Head of Refinery, Head of Supply &amp; Distribution, and the General Counsel/Company Secretary/HR Manager/Compliance Officer.</p> <p>These Heads of Department and Managers form the Management Committee of the Company. They are each professionally qualified (with many having post graduate qualifications) and each have decades of experience in the downstream oil &amp; gas business and in their respective fields of expertise, that helps the Board in implementing the strategies and managing the day-to-day business and operations.</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

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>Annual Review of Board/Committees/Directors Performance</p> <p>For the annual evaluation, the Nominating Committee considered amongst others, the roles played by Directors (individually and as a group) during the year. The Nominating Committee also considered its role in charting the course for the Company, setting out the strategic plans for the Company and stewarding the implementation process. The Nominating Committee also reviewed other matters such as trainings attended, attendance record at meetings (including their respective participation) as well as their level of compliance with legal requirements, including the Main Market Listing Requirements (MMLR).</p> <p>A customised evaluation survey as recommended by the Nominating Committee and approved by the Board in 2014 was used for the 2021 annual evaluation. The survey comprises five (5) sets of form of questionnaires required to be complete by the respective Directors evaluating, by self-assessment and/or peer-assessment, in relation to (i) the independence of the Independent Directors (ii) the performance of the Board Committees (iii) the performance of the Board (iv) the Board members' skills sets and (v) the Directors' performance and contribution to the Board. The 2021 annual evaluation was completed in February 2022 and the results were presented to the Nominating Committee and the Board on 17 March 2022. A summary of the results are as follows:</p> <p><b>Independence</b> Independent Director's 'Independence' – All five (5) Independent Directors meet the necessary criteria for 'independence' and they are in compliance with the 2021 Corporate Governance Code.</p> <p><b>Board Committee Evaluations</b> There were no adverse findings, and the average rating of the Audit Committee was 4.99 (higher than the 4.97 in 2020) and the Nominating Committee's average rating was 4.97 (marginally lower than 4.98 in 2020). Overall the two Committees were rated the same as in 2020. Both Committees were rated as 'Consistently Good'.</p> <p><b>Board Evaluation</b> The ratings received indicated an overall average of 4.8 (marginally higher than the rating of 4.81 in 2020) indicating 'Consistently Good'.</p> <p><b>Board Skill Evaluation (Peer Assessment)</b> The Directors were rated between 4.80 and 4.90 (marginally higher than the rating in 2020 of between 4.78 and 4.90), again indicating that, on the average, each Director was ranked as 'Consistently Good'.</p> <p><b>Performance Evaluation (Self-Assessment and a Peer Assessment by each Director)</b></p>

	<p>Each Director was rated between 4.77 and 4.95 (marginally higher than the rating in 2020 of between 4.75 and 4.93), again indicating that, on the average, each Director was ranked as 'Consistently Good'.</p> <p>The evaluation in relation to the independence of the Independent Directors indicated that all the Independent Directors fulfilled all the necessary requirement of independence, under the MMLR. One (1) of the Independent Directors namely Ms. Chua See Hua has exceeded the recommended nine (9) cumulative years in office but her continued presence on the Board fulfils the necessary requirements as recommended by the Malaysian Corporate Governance Code 2021.</p> <p>The Board was satisfied with the results of the other evaluations, which showed the Directors, the Board Committees and the Board having achieved overall ratings of 'Consistently Good' and noting that the Board composition has the right mix of skills and experience and has individuals of integrity.</p> <p><b>Independent review</b></p> <p>Ms. Chua See Hua, the Chairperson of the Nominating Committee is also currently working on implementing the independent annual evaluation process for the Board for the Company to adhere to the recommendation of the CG Code 2021. In the interim, an internal audit review of the annual evaluation process shall be conducted in 2022 to provide an initial set of independent views and recommendations for adoption in the annual evaluation process prior to the said annual evaluation process being reviewed by independent consultant.</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

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

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

## Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has policies in place in regard the determination of the Independent Directors Remuneration. These are stated in the Board Charter as follows:</p> <p>“The Board shall be responsible for the annual review and recommendation to shareholders (for approval at the Annual General Meeting) on the benefits payable to Independent Directors. In this regard, the Board:</p> <ul style="list-style-type: none"> <li>• shall have a fair and transparent process to annually review the benefits;</li> <li>• as part of the review, shall also take into account Independent Directors' contribution towards the success of the key strategic initiatives and the performance of the Company;</li> <li>• in reviewing the benefits, will also bench-mark the proposal against benefits offered by other (similar) entities, as appropriate, based on available data or industry studies; and</li> <li>• in reviewing the benefits, will consider the need to attract to and retain Independent Directors on the Board.</li> </ul> <p>Independent Directors on the Board may provide their input to the Board on any proposal regarding the benefits but shall otherwise abstain from any decision-making process at the relevant Board Meeting that decides the said recommendation to be made to shareholders.”</p> <p>The Board does not have a policy in place for the remuneration of the Executive Directors as the Executive Directors do not receive remunerations from the Company. The Remuneration Committee also plays no role in relation to the remunerations received by Senior Management Personnel. Each Senior Management Personnel on the Management Committee are regular employees who individually undergo an annual performance appraisal conducted by their superiors. These appraisals, determination of ratings and the resulting level increments and performance bonus (if any) are conducted and determined independent of the said Senior Management Personnel.</p> <p>This process includes reviews by the Chairman and Executive Directors. Each Senior Management personnel has no control over the determination of the appraisal results, or changes in their remunerations following from the said appraisal process</p>
<b>Explanation for departure</b>	:	

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

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

## Intended Outcome

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company is in a unique position in that the Executive Directors (that include the Chairman as well as the Chief Executive Officer) and the Non-Executive Director appointed by the major shareholder, do not receive remunerations from the Company. This is by virtue of the fact that they are Directors and/or senior executives of the parent company and restrictions/internal policies therein.</p> <p>As such the only Directors who receive benefits from the Company (such as fees and allowances) are Independent Directors of the Company. The Independent Directors on the erstwhile Remuneration Committee also do not review the remunerations paid to senior management, all of whom are regular employees and who each undergo an annual performance evaluation where they have no say on the outcome of the evaluation or the determination in relation to any increments, bonuses or even promotions.</p> <p>The Independent Directors therefore formed the view that for the Remuneration Committee to be solely considering and recommending their own remuneration may give rise to potential conflict of interest.</p> <p>The Remuneration Committee also played no role in relation to the remunerations received by Senior Management personnel.</p> <p><b>Remuneration of the Board</b> Based on the recommendation of the Independent Directors, Board at its meeting on August 22, 2014, determined to disband the Remuneration Committee. the Board of Directors assumed the role of the Remuneration Committee and manages the role by assuming the charter and procedure of the Remuneration Committee.</p> <p>The Board reviews and makes recommendations on the Independent Directors Fees for approval at the Annual General Meeting. The Independent Directors during deliberations at the Board Meeting may be asked to provide their views but would otherwise abstain from any other discussion or voting regarding such proposal.</p> <p><b>Remuneration of the Management</b> Each Senior Management personnel on the Management Committee are regular employees who individually undergo an annual performance appraisal conducted by</p>

	<p>their superiors. These appraisals, determination of ratings and the resulting level increments and performance bonus (if any) are conducted and determined independent of the said Senior Management personnel. This process includes reviews by the Chairman and Executive Directors. Each Senior Management personnel has no control over the determination of the appraisal results, or changes in their remunerations following from the said appraisal process</p>	
<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>	: Not applicable	
<b>Timeframe</b>	: Others	Not applicable



**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>	:	

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	Y. Bhg. Dato' Zainal Abidin Putih	Independent Director	78	48	-	15	-	0.929	141.929	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Ms. Chua See Hua	Independent Director	78	48	-	15	-	1.847	142.847	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Mr Fong Seow Kee	Independent Director	78	35	-	15	-	5.330	133.330	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Mr. Antonio Martin Cailao	Independent Director	78	32.5	-	15	-	2.903	128.403	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Y. Bhg. Dato' Noorizah Binti Hj Abd Hamid	Independent Director	78	35	-	15	-	3.056	131.056	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

## Intended Outcome

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

## Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The top six (6) Senior Management personnel for this reporting are:</p> <ol style="list-style-type: none"> <li>1.MR. LUBIN B. NEPOMUCENO (Chief Executive Officer)</li> <li>2 PN. FARIDAH ALI (General Manager)</li> <li>3 MR. MARK TRISTAN D. CAPARAS (Chief Finance Officer)</li> <li>4 MS. FADZILAH MOHD TAHIR (Head of Refinery) – retired effective 31 October 2021</li> <li>5 MR. CHOONG KUM CHOY (Head of Retail &amp; Commercial Business)</li> <li>6 MR. MANOJ DEVADASAN (General Counsel/Company Secretary/HR Manager/Compliance Officer)</li> </ol> <p>Due to privacy requirements, the Company opts not to disclose the components of their remunerations.</p> <p>The total remunerations of the top six (6) Senior Management (attributable to the Company) is RM2,478,955.00. Two of the above Senior Management personnel, namely the Chief Executive Officer and Chief Finance Officer, are employees of Petron Corporation. The Chief Finance Officer is seconded to Petron in Malaysia.</p> <p>In relation to the above total remunerations paid to the said Senior Management personnel, the following is to be noted:</p> <ul style="list-style-type: none"> <li>• Like all staff, the top six (6) Senior Management personnel, may be employees of the parent company or a sister company, that provides service to Petron Malaysia Refining &amp; Marketing Bhd via agreements to share resources. The sum of stated above is that attributable to Petron Malaysia Refining &amp; Marketing Bhd. The percentage employed is based on a pre-determined service sharing ratio that would vary depending on the function that they serve. This service sharing ratio may be updated as needed for changes in activity level within each affiliated company.</li> <li>• The sum is inclusive of salaries, fixed allowances and bonuses paid in 2021. The Company does not provide any share option scheme for Senior Management personnel.</li> <li>• The total bonuses paid in 2021 comprised of two (2) months contractual bonus as per the regular employment terms for the Senior Management personnel. Unlike in recent years arising from the financial situation of the Company, there was no ex-gratia paid in 2021.</li> </ul>
<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>	:	Not applicable	
<b>Timeframe</b>	:	Others	Not applicable

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

**Intended Outcome**

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

**Practice 8.3 - Step Up**

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

<b>Application</b>	:	Not 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	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Board Audit & Risk Management Committee is Y. Bhg. Dato' Zainal Abidin Putih.  He is not the Chairman of the Board of Directors.  The Chairman of the Board of Directors is Mr. Ramon S. Ang.	
<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 policy on such restriction is stated in the Company's Board Charter that can be viewed on the Company's website at <a href="http://www.petron.com.my">www.petron.com.my</a>. The restriction was inserted as part of the amendments to the Board Charter arising from the Malaysian Corporate Governance Code 2017.</p> <p>As a general practice, the Company does not appoint former partners of its external audit firm(s) to become a Director on the Board. This is done to ensure that there is sufficient separation between the functions of the external auditor and the Board as well as the Board Audit &amp; Risk Management Committee and avoiding any undue influence on the Board in relation to the financials.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The external auditor's fees are reviewed and endorsed by the Board Audit &amp; Risk Management Committee before being tabled to the Board for approval. Similarly, the Board Audit &amp; Risk Management Committee reviews the suitability of the external auditor and recommends appointment or re-appointment (as the case may be) to the Board, before being tabled for approval at the Annual General Meeting.</p> <p>The policy on the assessment of the external auditor is stated in the Board Audit &amp; Risk Management Committee Charter. The assessment although practised at all times, is now expressly mentioned in the Board Audit &amp; Risk Management Committee Charter as part of the amendments to the Board Charter arising from the CG Code 2021.</p> <p>In evaluating the suitability of the external auditor, the Board Audit &amp; Risk Management Committee, with input from Management, considers the following:</p> <ul style="list-style-type: none"> <li>• The external auditor's reputation, resources and quality of audit;</li> <li>• Nature and extent of non-audit services and the level of fees; and</li> <li>• The independence and continued independence</li> </ul> <p>This process includes obtaining assurances from the external auditor that each of its partner(s) and personnel is free of any conflict or potential conflict of interest that may impair her/his judgment or objectivity. The external auditor further provides the Board Audit &amp; Risk Management Committee with an assurance that the external audit staff undergoes stringent reviews based on their global practices to ensure that personnel assigned to audit the Company are indeed free of any conflicts or potential conflicts of interests.</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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board Audit &amp; Risk Management Committee is comprised solely of Independent Directors. All the current Independent Directors are members of the Committee. The said Directors on the Committee as at December 31, 2021 were:</p> <ul style="list-style-type: none"><li>(a) Y. Bhg. Dato' Zainal Abidin Putih (Chairperson)</li><li>(b) Ms. Chua See Hua;</li><li>(c) Mr. Fong Seow Kee;</li><li>(d) Mr. Antonio M. Cailao</li><li>(e) Y. Bhg. Dato' Noorizah Binti Hj Abd Hamid</li></ul> <p>A new Independent Director Y. Bhg. Datuk Nik Mohd Hasyudeen Bin Yusof was appointed to the Board and to the Board Audit &amp; Risk Management Committee effective 1 February 2022.</p>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board Audit &amp; Risk Management Committee, Y. Bhg. Dato' Zainal Abidin Putih, is a chartered accountant and was a chairman of the board of a major bank. Ms. Chua See Hua is a practicing lawyer specializing mainly in corporate and finance matters. Mr. Fong Seow Kee, is a chartered accountant and was also the chairman of the audit committee of another public listed company. Mr. Antonio M. Cailao is a former senior banker in an international banking group and later headed the Philippine National Oil Company. Y. Bhg. Dato' Noorizah Binti Hj Abd Hamid is qualified in Finance and was the Managing Director of a major infrastructure company. Y. Bhg. Datuk Nik Mohd Hasyudeen Bin Yusoff (appointed wef 1 February 2022), an accountant, was the past President of the Malaysian Institute of Accountants and past Chairman of the Audit Oversight Board of the Securities Commission.</p> <p>Apart from their financial literacy, each member of the Board Audit &amp; Risk Management Committee brings to the job, her/his ability to grasp and understand complex business and financial related issues that are to be considered by the Board Audit &amp; Risk Management Committee and the Board. They also have considerable experience dealing with management (in various other companies) and possess the necessary ability and independence to probe and seek clarifications on the financials, as well as on progress made and weaknesses detected in any financial or business matters or transactions presented by Management.</p> <p>The Independent Directors are presented with the financials in considerable detail at all quarterly meetings. Much time is spent discussing questions on the financial and operations issues (and its impact on the financials) and actions taken by Management to address matters of concern. The Board Audit &amp; Risk Management Committee also has the ability to request the presence of the internal and external auditor to provide independent advice whenever deemed necessary and appropriate</p> <p>Directors are also encouraged to attend additional training programmes, details of which can be viewed in Part D of the Corporate Governance Overview Statement in 2021 Annual Report.</p>
<b>Explanation for departure</b>	:	

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

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

## Intended Outcome

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

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

## Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that managing a publicly listed downstream oil and gas company has many challenges and inherent risks. These risks include financial, foreign exchange, legal compliance, crude and product supply, distribution, environment issues, industrial requirements, safety and managing the human resources of the Company.</p> <p>To this end, the Board had previously put in place a management integrity system that over the years, proved to be highly effective. Recognising that the parent company, Petron Corporation, too is in downstream oil and gas business and the management integrity systems it has in place, the Company has opted to align or adopt, where possible, best practices from Petron Corporation's own systems. In this regard, the Company continues to receive technical advice and support from Petron Corporation. The Company also receives technical support via formal arrangements with ExxonMobil.</p> <p>The Company's risk management is managed by employing Petron Corporation's Enterprise-Wide Risk Management tools. The exercise points out that the key risks previously identified continue to be the main risks that must be managed even today. The Company, recognising that this is an evolving endeavour, will continue to revisit the risk management preparations that are already in place with the intent to update the tools and assessment, where necessary. Examples of such evolution were the evaluation of the risks of pandemic, business disruption (such as plant and/or operations downtime) as well as information technology (IT) cybersecurity risk in 2021.</p> <p>As part of the Risk Management review, all business continuity plans of the Company will be periodically reviewed to ensure that the business recovery process in the event of an emergency is sound and effective. In 2020, with the pandemic and the movement control orders, challenges faced by the company were successfully dealt with by the business continuity plan that were immediately activated. This includes matters involving crude and product supply, distribution from terminals to service stations, supply to commercial customers and managing disruptions at service stations due to local operational restrictions and "Covid-19" infections among dealers' personnel. The effectiveness of the business continuity plans also helped the Company in 2021 to complete major projects in the Refinery namely the Diesel Hydrotreater project and the Marine Import Facility 2 Project despite unprecedented challenges due to various pandemic related restrictions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

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

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

## Practice 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that risks can be mitigated (and even eliminated) by having in place an effective system of internal controls. Key elements of the Company's internal controls include:</p> <ol style="list-style-type: none"> <li>1. The alignment or adoption of best practices from Petron Corporation. These not only assist the Company in identifying the principal risks faced by the Company, but also prescribes the appropriate systems to manage these risks that include the overall control framework, the required control checks and the required assessment on the system's effectiveness.</li> <li>2. A defined organisational structure with clear lines of accountability and delegation of authority.</li> <li>3. Reviews of controls including through internal audits being performed periodically and financial audits are subject to annual review by its external auditor. The results are reviewed with various levels of Management and any major concerns are raised to Senior Management and the Board Audit &amp; Risk Management Committee.</li> <li>4. Key policies covering, among others, business ethics, conflicts of interest, alcohol and drug use, gifts and entertainment, harassment in the workplace and employees' outside directorships are in place in the form of Petron Malaysia's Standards of Business Conduct ("Code of Conduct"). These include requirements to comply with all applicable laws and regulations. The Code of Conduct has been communicated to employees, vendors and contractors. Effective from 2014, trainings are provided periodically to employees, vendors and contractors. All new employees are required to undergo mandatory training on the Code of Conduct. Where there are any violations, a 'controls stand-down' with employees will be carried out to reinforce the need for adherence. These include where there are potential conflict of interests or receipt of gifts, adherence to our internal guidelines. Revised guidelines on receiving of gifts (based on the new policy implemented by Petron Corporation), were implemented in 2017. A company-wide refresher training on the Code of Conduct was completed in 2021 despite the pandemic and various lockdown restrictions. In 2021, a project was undertaken to revise the Code of Conduct by updating the policies therein to be not only in line with Malaysian laws and good practices but also to incorporate, where possible, the parent company's policy.</li> </ol> <p>Key among these were:</p> <ol style="list-style-type: none"> <li>(a) a revised gift entertainment policy to capture current legal requirements pertaining to anti-corruption;</li> <li>(b) a new whistle-blower policy;</li> <li>(c) a new anti-money laundering policy;</li> <li>(d) revision to the harassment policy to add in policy against sexual harassment; and</li> <li>(e) revision to the sustainability policy to enhance the environmental, social and governance provisions to be in line with current ESG practices.</li> </ol> <p>The revised Code of Conduct will be rolled out in 2022 and nationwide training to all employees will commence thereafter and expected to be completed by end of 2022.</p>



	<p>The revised Code of Conduct will also be communicated to all vendors and contractors, and will also be published on the company's website.</p> <ol style="list-style-type: none"> <li>5. In relation to amendments to the Malaysian Anti-Corruption Commission Act 2009, the training for all Petron personnel was completed in 2021. As part of this training, other areas were also included such as conflict of interest, external directorships/businesses, accuracy and integrity of documentation, proper use of Company assets and restrictions on use of the corporate credit cards.</li> <li>6. The Company further provided Petron employees with training on Anti-Money Laundering as well as measures that have been put in place to meet the requirements of the relevant law(s) and minimise risks associated with movement of funds involving Petron</li> <li>7. A management integrity system based on Petron Corporation's best practices to assess and sustain the effectiveness of the organisation's system of controls.</li> <li>8. The effective lines of communications within the Management with regular Management Committee meetings where all matters pertaining to each business unit and function are reviewed. This way any controls related issues are highlighted weekly and the action plans on any identified gaps are dealt with immediately</li> </ol> <p>From a day to day management perspective, certain other controls are in place for reviews and approvals are at various levels and Departments. Such an authorisation process minimises the risk of any possible abuse of authority. These include some critical areas such as approvals required in the procurement process for various Departments and acquisition of land for retail station expansion. Critical processes are also reviewed periodically by Internal Audit to ensure independent evaluation of the effectiveness of such controls. Overall, the Company's various risks and internal controls are not only periodically reviewed internally but are also the subject matter of review by Internal Audit and recommendations by Internal Audit are implemented within set time frames.</p> <p>The Board has also received assurance from the CEO and CFO that the Company's risk management and internal control systems (for financial year ended 2021 and up to the date of this Report) are operating adequately and effectively, in all material respects</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

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 Audit &amp; Risk Management Committee is the Board committee that oversees the risk management framework and policies.</p> <p>The Board Audit &amp; Risk Management Committee is comprised solely of Independent Directors.</p> <p>The Committee has as a regular agenda item on risk management at its quarterly meetings.</p> <p>The Company's Statement of Risk Management and Internal Controls is reviewed by the external auditor as part of a special engagement for that purpose. The external auditor also reports to the Board Audit &amp; Risk Management Committee on its review</p>

## 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 Company's internal audit function is undertaken by an internal audit group based in Manila, at Petron Corporation, that also undertakes audit work for all Petron Corporation companies in the region. The internal audit group which reports directly to the Board Audit &amp; Risk Management Committee, also takes functional guidance from Petron Corporation's internal audit function. This structure allows the Company to benefit from the application of Petron Corporation's internal audit best practices and assures the Company of internal audit independence.</p> <p>The current arrangement ensures that Management of the Company has no control over the function of the internal audit. To ensure independence from Management, the internal audit personnel assigned to the Company's internal audit are not subject to any determination of their assignments, promotions or their remuneration (or increase thereto) by the Company's Management. In order to maintain total independence from the Company's Management, their remunerations are not set or paid by the Company. The cost incurred for internal audit in 2021 was RM68,357.54.</p> <p>The internal audit function undertakes independent, regular and systematic audit reviews of the Company's system of internal controls to assess the adequacy and effectiveness of those controls and overall control environment. This is to provide reasonable assurance that such systems are operating effectively. The internal audit process covers the audit of selected units and operations based on risk assessment. Internal Audit has a mid-year and annual review with the Board Audit &amp; Risk Management Committee on audit carried out including the results/findings. Follow-up action plans arising from the audits, as well as recommendations by Internal Audit, are also reviewed.</p> <p>The Board Audit &amp; Risk Management Committee also reviews and approves the audit plan for the subsequent year. Further, where there are any amendments to the approved audit plan, such amendments to the plan will require approval from the Board Audit &amp; Risk Management Committee.</p> <p>The Board Audit &amp; Risk Management Committee has reviewed the internal audit findings for 2021 as well as the closing out of recommendations made by the internal audit. The Board Audit &amp; Risk Management Committee has also recognised the new Audit Rating System that was implemented in 2017 in line with the system adopted by the parent company.</p> <p>The Board Audit &amp; Risk Management Committee will:</p> <ul style="list-style-type: none"> <li>• satisfy itself of the independence of the internal audit function;</li> <li>• satisfy itself that the resources allocated to the internal audit function are adequate; and</li> <li>• identify the name of personnel assigned to internal audit of the Company and their qualification and experience; and if the internal audit is carried out in accordance with recognised standards framework.</li> </ul> <p>This will be in addition to the review and approval of the annual internal audit plan, as well as the mid-year review, on the audits carried out, follow through action and closeout of audit issues. It is to be noted that a key function of internal audit is to not only identify weaknesses and recommend improvements but also to be mindful of new concepts and techniques used in the industry and at Petron Corporation and to suggest improvements and seek process and controls synergy. This has been an important focus area for internal audit since 2012.</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>(a) Independence: The Committee at its meeting on 24 November 2021 had reviewed the independence, scope and functions of the internal audit and found that it had the necessary authority to carry out its tasks. The audit findings, the follow-up action as well as audit plan for 2022, were reviewed and approved. The Committee was assured that there was no element of interference or influence by Management with its audit finding.</p> <p>(a) Resources: The number of personnel normally assigned to the internal audit work at the Company are between 3 -5 in numbers. These personnel are based in Manila. The personnel assigned to a particular audit will have requisite expertise in the particular filed of audit based on their vast experience having worked in Petron Corporation.</p> <p>(b) The person who will be in charge of the internal audits in Malaysia for 2022 is Mr. Ronald Ferrer, who is also the Manager, Internal Audit Department, Petron Corporation. He is a Certified Public Accountant and a Certified Internal Auditor (as certified by the Institute of Internal Auditors).</p> <p>(c) The internal audits are carried out in accordance with the International Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors (with its Global Headquarters in Florida, USA).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has written guidelines on shareholders communication that are incorporated in the Company's Corporate Communication and Disclosure Guidelines that can be accessed on the Company's website. The guidelines also incorporate the parent company's best practices on all matters pertaining to communication, be it with shareholder or other stakeholders.</p> <p>The Board recognises the need for engaging stakeholders and maintaining a healthy line of communication with the stakeholders. The Board is also mindful that:</p> <ul style="list-style-type: none"><li>• the downstream oil &amp; gas business in Malaysia is highly competitive and much of the information (especially on strategy and business plans and investment) are highly confidential in nature; and</li><li>• there are no other publicly listed integrated downstream oil &amp; gas company (with both a refinery and a retail/ commercial business) in Malaysia (like Petron Malaysia Refining &amp; Marketing Bhd), that are also subject to stakeholder engagement recommendations under the CG Code 2017. Competitors in the industry that are not publicly-listed, are not subject to such disclosure requirements.</li></ul> <p>As such in order to be a sustainable business and in the best overall interest of the Company, the Board and Management recognises the need for transparency to be tempered with discretion.</p> <p>The Board and Management nevertheless recognise the need to communicate effectively with shareholders. The Board values and encourages dialogue with the shareholders to establish better understanding of the Company's objectives and performance. To this end, suggestions made by shareholders have been incorporated, where appropriate, including the improvement of financial presentations at general meetings as well as enabling shareholders to visit the office for dialogues or clarification on matters disclosed or pertaining to the Company. The Annual General Meeting provides a suitable forum for the shareholders to hold dialogues with the Board. Additionally, queries from investors and potential investors are dealt with by our Investor Relations.</p> <p>At the Annual General Meeting, a Management presentation will be made about the Company's performance for the year under review. Some information may also be provided about plans going forward. As a general rule the Company does not make or disclose any future financial performance estimates. The Annual General Meeting allows shareholders to ask questions and seek clarification on the Company, including on its financials, business, operations and governance matters. Shareholders are also allowed to submit written questions in advance and these will be addressed at the Annual General Meeting. Since 2013, all voting on all resolutions tabled at the Annual General Meetings of the Company have been by poll as recommended by the then Malaysian Corporate Governance Code 2012. This method of voting will continue to be</p>

applied. Since the 2017 Annual General Meeting, voting has been fully electronic. For efficiency and accuracy of vote tabulation, an independent scrutineer monitors the entire tabulation of proxy submissions and poll voting process. The independent scrutineer is also the one who announces the voting results. In light of the COVID-19 pandemic in 2020 and due to the extension by the Government on restrictions placed on mass gatherings, the Company successfully implemented a virtual Annual General Meeting in 2020. The implementation of a virtual Annual General Meeting was duly announced to the shareholders and notices were issued as stipulated in the Constitution and required by the Listing Requirements. In light of the Covid-19 pandemic in 2020 and in 2021, the Company successfully implemented a virtual Annual General Meeting.

The Company's website has a Management Committee member as its named contact person with contact details, to ensure that shareholders' queries are promptly addressed. The Company holds open discussions with investors and analysts upon request. Material information relating to the Company is disclosed to the public by way of announcements to Bursa Malaysia Securities Berhad ("BMSB"), as required by the Main Market Listing Requirements of BMSB.

#### **Shareholders**

Annual General Meeting ("AGM") forms the most important avenue for shareholders to question/seek clarification from the Board and Management. The Company receives questions in advance in writing from shareholders including the Minority Shareholders' Watchdog Group, all of which are addressed at the AGM. The AGM also enables the Board and Management to update shareholders of the year's business and finances as well as to provide some input on what the business and oil industry outlook would be. In addition, there are questions that are directed to the Company via the Company Secretary as lead for investor relations. Where the information sought is not unpublished price sensitive information, written responses or verbal responses are provided. Further, the Company ensures that all disclosure requirements mandated by the Listing Requirements as well as voluntary disclosures (where necessary) are made to provide the investing public with relevant information. At the Annual General Meetings, shareholders and proxies present are also instructed on the voting process and arrangements via specific announcements by the Company Secretary.

#### **Employees**

Communication with employees is key to ensuring that they are fully aware of the Company's plans and goals and how they can help grow the business as envisaged. To this end, the various Departments have annual 'kick-off' sessions with their personnel to ensure that everyone is fully on board and will fulfil their part in making the Company a success.

#### **Potential Investors**

Management often engages with investment banks on request for briefings for themselves or their major clients who are keen to invest in the Company.

#### **Regulators**

Engaging the Company's regulators is an important facet of stakeholder communication. Over the years, the Company has maintained a close rapport with its regulators as we believe a working partnership with the relevant agencies in realising the Company's business and the downstream oil & gas industry, are synonymous and interlinked.

#### **Customers**

As the customers are crucial to the success of the Company's business, communication with these customers via various means (including print and social media and in collaboration with other partners), enable the current and potential customers of the Company to know and appreciate the products and services on offer as well as the benefits of being a customer of the Petron brand, This is in line with the Company's 'Customer Focus' values.

	<p><b>Dealers</b>  The dealers and their frontline personnel are the Company’s ambassadors with the customers and communications with them on the Company’s plans and aspirations, requirements and set targets are an important part of the Company’s stakeholder engagement.</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

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

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

### Practice 12.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>PMRMB does not have any subsidiaries and the operation of its sister companies (both of which are unlisted private companies) can be distinguished from the much more substantial and vast operation of PMRMB.</p> <p>As such, while the Board acknowledge that integrated reporting goes beyond a mere combination of a financial statement and sustainability report into a single document, nevertheless there are coordination efforts among cross functional departments in preparing the various statements and reports in the Annual Report.</p> <p>These would include the use of a common brand and the design of its service station, sharing of certain resources like storage tank facilities (treated as inter-co transactions and reported accordingly) and use of shared services especially relating to personnel (also duly accounted for and reported).</p> <p>The Board believes that the current reporting structure and depth of disclosures in the Annual Report is sufficient to enable stakeholders to make informed decisions about their investments or decisions to invest in PMRMB.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Others	Not applicable

**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>	:	The Notice of Annual General Meeting – “AGM” - is (as per normal practice) issued by the end of April in every year. The AGM is normally held in June of the same year. As such more than 28 days’ notice is generally given to ensure shareholders have sufficient time read and understand the Notice, proposed resolutions and the contents of information (including and circulars) provided with said notice. The time also enables the shareholders to make arrangements to attend or send a proxy to the AGM.	
<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 have attended the Annual General Meetings in 2021.</p> <p>The Chairpersons of the Board Audit &amp; Risk Management Committee and the Nominating Committee normally respond to any questions directed to them or if it relates to their respective Committees.</p> <p>Questions at the AGM are normally responded to by the Chairman, the Chief Executive Officer as well as senior management personnel present</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

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>Arising from the Companies Act 2016, the constitution of the Company (previously referred to as the Memorandum and Articles of Association), had been re-drafted to bring it in line with the same and was thereafter approved at the Annual General Meeting in 2019.</p> <p>The Company’s Constitution provides for a leverage on technology to facilitate; amongst others, voting in absentia and remote shareholders’ participation at the Annual General Meetings. However, implementation of the same will be dependent upon the availability of a robust and stable technological platform and internet connectivity for, the lack of such can be catastrophic in the management of a general meeting process - disrupting the harmonious communication between the Board and shareholders as well as impinging upon the integrity of the voting process that forms the substratum of a general meeting.</p> <p>In light of the COVID-19 pandemic in 2021 and due to the extension by the Government on restrictions placed on mass gatherings, the Company successfully implemented a virtual Annual General Meeting in 2020 and 2021 through remote participation and voting from the Broadcast Venue. The implementation of a virtual Annual General Meeting was duly announced to the shareholders and notices were issued as stipulated in the Constitution and required by the Listing Requirements.</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

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>Annual General Meeting forms the most important avenue for shareholders to question/seek clarification from the Board and Management. The Company receives questions in advance in writing from shareholders including the Minority Shareholders' Watchdog Group, all of which are addressed at the Annual General Meeting.</p> <p>The Annual General Meeting also enables the Board and Management to update shareholders of the year's business and finances as well as to provide some input on what the business and oil industry outlook would be. In addition, there are questions that are directed to the Company via the Company Secretary as lead for investor relations. Where the information sought is not unpublished price sensitive information, written responses or verbal responses are provided. Further, the Company ensures that all disclosure requirements mandated by the Listing Requirements as well as voluntary disclosures (where necessary) are made to provide the investing public with relevant information.</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.

<p><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></p>	
<p><b>Application</b></p>	<p>: Applied</p>
<p><b>Explanation on application of the practice</b></p>	<p>: In 2020 and 2021 due to the Covid19 pandemic-related restrictions, the Company leveraged on available technology and conducted its Annual General meeting in both years virtually. This included real-time interactions such as questions &amp; answers, and remote participation and voting.</p> <p>Thus, whilst the use of virtual systems to enable remote participation is helpful in certain circumstances, considering the internet and system stability issues – outside the control of the Company and its share registrar (such as that which caused an outage during the 2021 Annual General Meeting) the preferred option for an Annual General Meeting (at least in 2022) will be an in-person meeting that in our opinion allows for better interaction and fuller and more meaningful discourse between the Board, management and shareholders and best serves the intent of the CG Code 2021 in relation to shareholders engagement. Where possible, the Company will implement a hybrid system of conducting and AGM provided the stability of technology can be assured.</p> <p>In relation to engagement with shareholders be it a physical AGM or a virtual AGM, a Management presentation will be made about the Company's performance for the year under review. Some information may also be provided about plans going forward. As a general rule the Company does not make or disclose any future financial performance estimates. The Annual General Meeting allows shareholders to ask questions and seek clarification on the Company, including on its financials, business, operations and governance matters. Shareholders are also allowed to submit written questions in advance and these will be addressed at the Annual General Meeting.</p> <p>Since 2013, all voting on all resolutions tabled at the Annual General Meetings of the Company have been by poll as recommended by the then Malaysian Corporate Governance Code 2012. This method of voting will continue to be applied.</p> <p>Since the 2017 Annual General Meeting, voting has been fully electronic.</p> <p>For efficiency and accuracy of vote tabulation, an independent scrutineer monitors the entire tabulation of proxy submissions and poll voting process. The independent scrutineer is also the one who announces the voting results.</p>
<p><b>Explanation for departure</b></p>	<p>: </p>

*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**

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 Annual General Meeting in 2022 will be posted on the Company website within thirty (30) days of the Meeting.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  



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

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

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