

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0007
COMPANY NAME : PUC BERHAD (formerly known as PUC FOUNDER (MSC) BERHAD)
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Rule 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 Rule 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.

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors being at the helm of PUC in striking a reasonable balance between the continual striving for the highest standard of corporate governance and the performance roles of strategy foundation and policy-making is the ultimate decision-making body.</p> <p>With the tenacity of enhancing sustainable value for stakeholders, the Board is responsible for the stewardship of the business and affairs of the Group and has delegated certain responsibilities to respective Board Committees and is supported by the Group Managing Director also acting as the Group Chief Executive Officer who together with the Management team is accountable to the Board.</p> <p>The Board's role is to:</p> <ul style="list-style-type: none"> • review, challenge and adopt the overall strategic and business plans, goals and directions of the Group; • oversee and evaluate the conduct and performance of the business and Management in ensuring proper procedures and measures are in place; • review the adequacy and integrity of the risk management and internal control system of the Group; • ensure that the Group adheres to high standards of ethics and corporate behaviour to safeguard the interests of shareholders; • ensure orderly succession planning of the Board, Committees and Management; • monitor and review the management processes in uplifting integrity of financial and other reporting requirements to ensure the Group's financial statements are true, fair and conform with the relevant accounting standards including adopting annual budgets and approving the Company's financial statements. <p>PUC in ensuring that all Directors are able to provide the required time commitment for the meetings practices early planning of meetings schedule so that the Directors are able to plan ahead and to ensure efficient planning by Management and sufficient time spent for the Directors to deliberate and discuss the various matters. As such, the Board of Directors and other Committee meetings schedule were prearranged in the final quarter of 2016 where the tentative dates were tabled to the Board of Directors of PUC via circulation of email.</p> <p>In exercising unfettered bona fide judgement with reasonable care, skill and diligence in the best interest of the Group, the Board Charter, being an avenue to communicate the Company's approach to important governance practices, serves as a primary source of reference and induction literature was adopted by the Board on 10 April 2017 and periodically reviewed and updated in accordance with the needs of the Company and any regulatory requirements that may have an impact on Board in discharging their fiduciary responsibilities. The Board Charter, for easy accessibility to all stakeholders, is published on the Company's website on www.puc.com.</p>

	The establishment of several Board Committees namely the AC, RC and NC to oversee the respective functions within the Group are governed by the respective ToRs which defines the specific responsibilities, functions and duties of the respective Board Committees are available on the Company's website on www.puc.com .	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Notes:

"AC" means Audit Committee

"ACE LR" means ACE Market Listing Requirements

"Act" means Companies Act 2016

"Code" means Malaysian Code on Corporate Governance

"Dato' Othman" means Dato' Othman Bin Jusoh

"Datuk Oh" means Datuk Oh Chong Peng

"FYE2017" means financial year ended 2017

"Kelvin" means Cheong Tze Wai

"Kenneth" means Hiew Wai Yoon

"Group" means PUC and its subsidiaries

"Mr. Cheong" means Cheong Chia Chou

"Mr. Liew" means Liew Peng Chuen @ Liew Ah Choy

"Mr. Sherick" means Nathaniel Grant David Sherick

"NC" means Nomination Committee

"PUC" or "Company" means PUC Berhad (formerly known as PUC Founder (MSC) Berhad)

"RC" means Remuneration Committee

"ToR" means Terms of Reference

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman, Dato' Othman has robust leadership background and vast experience in various senior positions has led to his election from among the Board of Directors and appointed as an Independent Non-Executive Chairman of the Board on 2 January 2014.</p> <p>The Chairman's role is to:</p> <ul style="list-style-type: none"> • carry out a visionary leadership role in facilitating the effective conduct of the Board; • create a culture of openness characterised by debate and appropriate challenge amongst Board members; • promote and ensure the highest integrity standards of corporate governance processes and issues; • undertake primary responsibility for the Board to receive accurate, timely, clear information and is consulted on all relevant matters. <p>Read more about the Chairman in the Annual Report 2017 of PUC and is also available on the Company's website on www.puc.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application :	Applied	
Explanation on application of the practice :	<p>The Chairman being an Independent Non-Executive Director, Dato’ Othman serves an audience of Directors whereas the Group Chief Executive Officer (“CEO”) also acting as the Group Managing Director, Mr. Cheong serves an audience of Management team and employees and is accountable to the Board.</p> <p>The Chairman’s role is to:</p> <ul style="list-style-type: none"> • carry out a visionary leadership role in facilitating the effective conduct of the Board; • create a culture of openness characterised by debate and appropriate challenge amongst Board members; • promote and ensure the highest integrity standards of corporate governance processes and issues; • undertake primary responsibility for the Board to receive accurate, timely, clear information and is consulted on all relevant matters. <p>The CEO’s role is to:</p> <ul style="list-style-type: none"> • assume overall responsibility in leading the Group’s performance and management; • oversee the Key Senior Management and head of departments; • develop, recommend and implement organisational strategy, targets, business plans and policies; • drive performance within strategic goals and commercial objectives; • maintain an effective framework of risk management and risk control system; • foster a corporate culture promoting ethical practices and integrity; • manage day-to-day conduct of business and affairs; • be the public face, the official spokesperson of the Group. <p>The roles and responsibilities of the Chairman and the CEO are segregated and set out in the Board Charter which provides clear, distinct responsibilities for each role to enhance the appropriate existing balance of role, responsibility, power, authority and accountability.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries of PUC are Madam Lim Seck Wah (MAICSA 0799845) and Mr. Tang Chi Hoe (Kevin) (MAICSA 7045754).</p> <p>As Fellow and Associate members respectively of The Malaysian Institute of Chartered Secretaries and Administrators, satisfying the qualification as prescribed under Section 235(2) of the Act and in fulfilling at least 20 hours of Continuing Professional Development as part of their training development programme, the Company Secretaries attend trainings to keep themselves abreast with the latest reform and developments in the corporate and securities law, listing rules and corporate governance.</p> <p>The Company Secretaries' role are to:</p> <ul style="list-style-type: none"> • support the Board and Board Committees; • manage the flow of accurate, timely and well-considered information and materials to the Board; • coordinate and put in place an effective procedure and record for managing Board meetings and in discharging their duties; • provide unhindered sound up-to-date advice to the Board; and • update and advise the Board and its Committees on the Act, Company's Constitution, corporate governance and compliance with the ACE LR. <p>The Company Secretaries apart from the statutory duties as prescribed under the Act and the ACE LR regularly update and apprise the Directors on new statutes, policy documents and guidelines issued by the regulatory authorities and the requirements by providing briefing during the year on any significant developments in legal, governance and compliance areas to be observed by the Company and Directors thereupon.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>PUC in ensuring that all Directors are able to provide the required time commitment for the meetings practices early planning of meetings schedule so that the Directors are able to plan ahead and to ensure efficient planning by Management and sufficient time spent for the Directors to deliberate and discuss the various matters. As such, the Board of Directors and other Committee meetings schedule were prearranged in the final quarter of 2016 where the tentative dates were tabled to the Board of Directors of PUC via circulation of email.</p> <p>To keep abreast with the digital era, Board papers including but not limited to the minutes of Board meetings were made accessible via electronic means for instantaneous delivery and within reach by the Board members and are circulated at least five (5) days prior to the date of the Board meetings to enable ample review time for the Board of Directors. In FYE2017, an average of seven (7) days was recorded for dissemination of Board papers.</p> <p>Board minutes were recorded in an adequate and timely manner as the saying goes, "what is not minuted, is not said".</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	: Applied
Explanation on application of the practice	<p>In exercising unfettered bona fide judgement with reasonable care, skill and diligence in the best interest of the Group, the Board Charter, being an avenue to communicate the Company’s approach to important governance practices, serves as a primary source of reference and induction literature was adopted by the Board and periodically reviewed and updated in accordance with the needs of the Company and any regulatory requirements that may have an impact on Board in discharging their fiduciary responsibilities. The Board Charter having reviewed annually and for easy accessibility to all stakeholders, is published on the Company’s website on www.puc.com.</p> <p>The establishment of several Board Committee namely the AC, RC and the NC to oversee the respective functions within the Group are governed by the respective ToRs which defines the specific responsibilities, functions and duties of the respective Board Committees. The ToRs are available on the Company’s website on www.puc.com.</p> <p>The Board through the Board Charter recognises the importance of having a clearly separation of power and responsibilities to ensure no repetition of duties and authority, a balance between power and authority.</p> <p>The Board’s role is to:</p> <ul style="list-style-type: none"> • review, challenge and adopt the overall strategic and business plans, goals and directions of the Group; • oversee and evaluate the conduct and performance of the business and Management in ensuring proper procedures and measures are in place; • review the adequacy and integrity of the risk management and internal control system of the Group; • ensure that the Group adheres to high standards of ethics and corporate behaviour to safeguard the interests of shareholders; • ensure orderly succession planning of the Board, Committees and Management; • monitor and review the management processes in uplifting integrity of financial and other reporting requirements to ensure the Group’s financial statements are true, fair and conform with the relevant accounting standards including adopting annual budgets and approving the Company’s financial statements. <p>The Chairman’s role is to:</p> <ul style="list-style-type: none"> • carry out a visionary leadership role in facilitating the effective conduct of the Board; • create a culture of openness characterised by debate and appropriate challenge amongst Board members; • promote and ensure the highest integrity standards of corporate governance processes and issues; • undertake primary responsibility for the Board to receive accurate, timely, clear information and is consulted on all relevant matters. <p>The Group Chief Executive Officer’s (“CEO”) role is to:</p>

	<ul style="list-style-type: none"> • assume overall responsibility in leading the Group’s performance and management; • oversee the Key Senior Management and head of departments; • develop, recommend and implement organisational strategy, targets, business plans and policies; • drive performance within strategic goals and commercial objectives; • maintain an effective framework of risk management and risk control system; • foster a corporate culture promoting ethical practices and integrity; • manage day-to-day conduct of business and affairs; • be the public face, the official spokesperson of the Group. <p>There is clear delineation of roles between the Board and Management with the CEO acting as the conduit between the Board and the Management in driving the success of the Group’s governance and management function.</p> <p>The Independent Non-Executive Directors’ role is to:</p> <ul style="list-style-type: none"> • bring experience and independent judgement to the Board; • scrutinise the performance of the Management; • review the adequacy and integrity of the internal control system, management information system, financial and other reporting requirements; • develop, review and constructively challenge strategy proposals. <p>There is a schedule of matters reserved specifically for the Board’s decision as expressed in the Board Charter and Group’s Limit of Authority providing empowerment to the Senior Management and Management. The Board shall record its deliberation in terms of the issues discussed with all Directors having access to the advice and services of the Company Secretary and a procedure that allows Directors to seek independent professional advice where necessary in discharging their duties, making decisions and complying with relevant regulatory requirements at the Company’s expense.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

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.

Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>Professionalism is all about success and influence. PUC Group in upholding professionalism and having a reputation for excellence has set the tone and standards of the Group through the Professional Conduct and Grievance Procedure to exhibits professionalism under any circumstances which was recently revised and effected on 1 October 2017. The policies and procedures would include but not limited to the following:</p> <ul style="list-style-type: none"> • Punctuality • Professional presentation • Workplace communication (including social media, press release and public statement) • Code of Ethics • Non-competition • Receipt of gratification • Handling of company properties • Whistleblowing Policies and Procedures <p>In line with the Whistleblower Protection Act 2010, PUC Group's Whistleblowing Policies and Procedures aims to combat corruption and other wrongdoings such as conflict of interest, insider trading etc. by encouraging and facilitating disclosures of improper conduct within the Group and it applies to all stakeholders across the Group, to protect persons making those disclosures from detrimental action, to provide for matters disclosed to be investigated and dealt with and to provide for other matters connected therewith.</p> <p>Whistleblowers may express their concerns to the receiving officer through an email: whistleblow@puc.com and are rest assured that the reporting system is confidential and all communications concerning reported violations is treated in complete anonymity without revealing one's identity. The Whistleblowing Policies and Procedures is made available on the Company's website www.puc.com for easy accessibility to all stakeholders.</p> <p>The Board together with the Management will look into establishing and improving the Code of Conduct and Ethics together with other policies and procedures for the Group.</p>

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

Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the Whistleblower Protection Act 2010, PUC Group’s Whistleblowing Policies and Procedures was recently revised and effected on 1 October 2017 in compliance with the Group’s Limit of Authority endorsed by the Board.</p> <p>The Whistleblowing Policies and Procedures aims to combat corruption and other wrongdoings such as conflict of interest, insider trading etc. by encouraging and facilitating disclosures of improper conduct within the Group and it applies to all stakeholders across the Group, to protect persons making those disclosures from detrimental action, to provide for matters disclosed to be investigated and dealt with and to provide for other matters connected therewith.</p> <p>Whistleblowers may express their concerns to the receiving officer through an email: whistleblow@puc.com and are rest assured that the reporting system is confidential and all communications concerning reported violations is treated in complete anonymity without revealing one’s identity. The Whistleblowing Policies and Procedures is made available on the Company’s website www.puc.com for easy accessibility to all stakeholders.</p> <p>All matters reported will be reviewed within a reasonable timeframe, and after due consideration and inquiry, a decision will be taken on whether to proceed with a detailed investigation. Guidance or direction may be sought from the Group Chief Executive Officer (“CEO”) and other appropriate parties. While all complaints received will be reported to the CEO, whistleblowing complaints alleging fraud and breaches of corporate governance will be escalated to the AC and the Chairman of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

<p>Application :</p>	<p>Applied</p>													
<p>Explanation on application of the practice :</p>	<p>The composition of a Board is kept under close review and remains a key element in regulating how the Board functions and the dynamics between the Board of Directors. To foster greater objectivity in the Boardroom, the Board of PUC Group supports diversity in its widest sense and as at 9 April 2018 consist of: the Independent Non-Executive Chairman, the Group Managing Director also acting as the Group CEO and four (4) Independent Non-Executive Directors.</p> <div data-bbox="580 607 874 969" data-label="Figure"> <p>The donut chart illustrates the board's composition. It is divided into three segments: a dark blue segment representing the Chairman (17%), a red segment representing the Executive Director (17%), and a purple segment representing Independent Non-Executive Directors (66%). A legend below the chart identifies these categories with colored dots: a dark blue dot for '1 Chairman', a red dot for '1 Executive Director', and a purple dot for '4 Independent Non-Executive Director'.</p> <table border="1"> <caption>Board Balance and Independence</caption> <thead> <tr> <th>Category</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>1</td> <td>17%</td> </tr> <tr> <td>Executive Director</td> <td>1</td> <td>17%</td> </tr> <tr> <td>Independent Non-Executive Director</td> <td>4</td> <td>66%</td> </tr> </tbody> </table> </div> <p>The Group benefits from the very diverse Board in terms of gender, ethnicity, age, nationality, education, professional background, experience and more towards a sustainable management and performance which expectations of which extends to the Management of the Group and with the largely Independent Directors, objectivity in the best interests of the Group is attained.</p>		Category	Count	Percentage	Chairman	1	17%	Executive Director	1	17%	Independent Non-Executive Director	4	66%
Category	Count	Percentage												
Chairman	1	17%												
Executive Director	1	17%												
Independent Non-Executive Director	4	66%												
<p>Explanation for departure :</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>Measure :</p>	<p></p>													
<p>Timeframe :</p>	<p></p>	<p></p>												

Intended Outcome

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

Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No Independent Director(s) serving beyond 9 years.	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

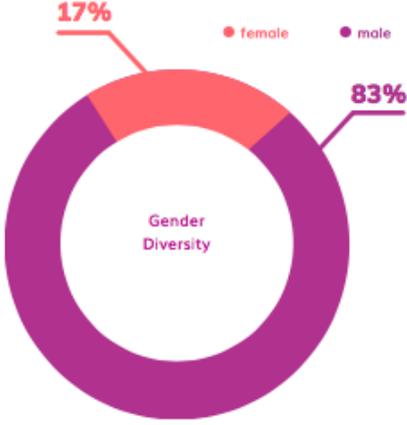
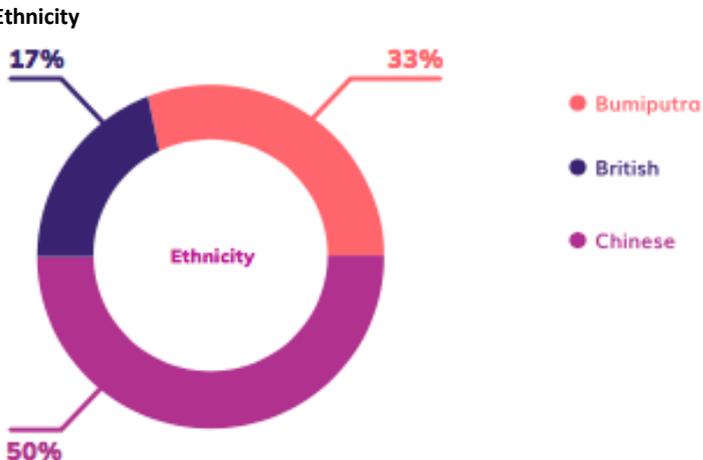
Application	:	Adopted
Explanation on adoption of the practice	:	Majority of the Board is made up of Independent Non-Executive Directors whose maximum tenure as expressed in the Board Charter shall be capped and should not exceed a cumulative term of nine (9) years or a cumulative service of nine (9) years with intervals. Upon reaching such maximum tenure, the Independent Non-Executive Director may continue to serve on the Board but shall be re-designated as Non-Independent Non-Executive Director.

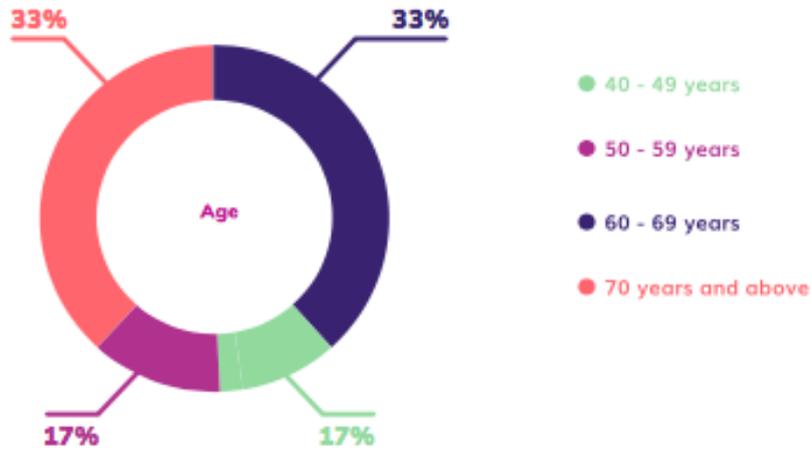
Intended Outcome

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

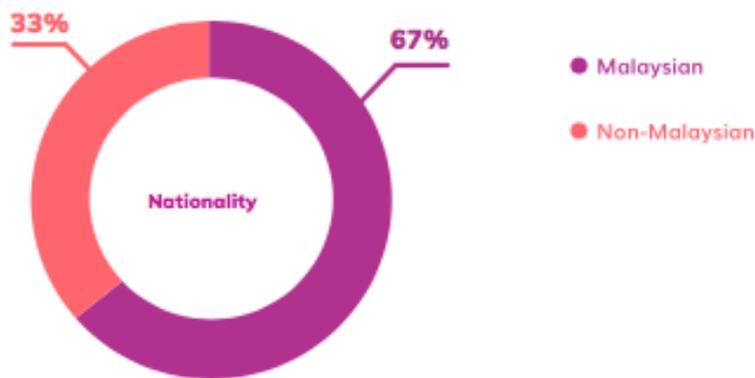
Practice 4.4

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.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice :</p>	<p>The NC is appointed and entrusted by the Board to appraise suitability of candidates for proposed directorship before submitting their recommendations to the Board. The Board is mindful of the need of boardroom diversity and in this context; the NC in evaluating, assessing and recommending to the Board for approval shall takes into consideration qualifications, credentials, core competencies vis-à-vis the compositions of required mix of skills to demonstrate knowledge, expertise and experience, character, gender, age, ethnicity, professionalism, integrity, competencies, time commitment and other qualities which the Director would bring to the Board to effectively discharge their roles and responsibilities as Director of the Company.</p> <p>The diversity of the Board in terms of gender, ethnicity, age and professional background are illustrated below:</p> <p>Gender Diversity The Board is supportive of gender diversity with the appointment of Raja Zafura as an Independent Non-Executive Director on 1 March 2018 in place of Tunku Afwida Binti A. Malek who retired from the Board on 28 June 2016.</p> <p>The Board through its NC will consider the gender diversity as part of its future selection and will look into increasing female board representation.</p>  <p>Ethnicity</p>  <p>Age</p>



Nationality



Professional Background

Directors	Dato' Othman	Mr. Cheong	Mr. Sherick	Mr. Liew	Datuk Oh	Raja Zafura
Government Relations/ Public Service	●		●			
Economics/ Investment	●					
Accounting/ Finance/ Corporate Finance/ Taxation	●		●		●	
Audit/ Internal Audit/ Corporate Governance/ Internal Control/ Risk Management			●	●	●	
Legal/ Regulatory Compliance/ Fraud			●	●		
Media/ Advertising				●		
Marketing/ Corporate Affairs		●				●
Management/ Leadership/ Strategy and Entrepreneurship	●	●	●	●	●	●
Technology/ Digitalisation		●				

The Group benefits from the very diverse Board in terms of gender, ethnicity, age, nationality, education, professional background, experience and more towards a sustainable management and performance which expectations of which extends to the Management of the Group.

Explanation :
for
departure

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

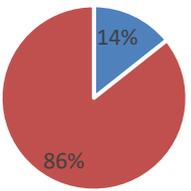
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board, though non-obligatory by the Code is supportive of gender diversity as seen in its Board Charter also reported in PUC’s Annual Report 2017 and evident with the appointment of Raja Zafura as an Independent Non-Executive Director on 1 March 2018 in place of Tunku Afwida Binti A. Malek who retired from the Board on 28 June 2016.</p> <div style="text-align: center;">  <p>■ Female ■ Male</p> </div> <p>The Board through its NC will consider the gender diversity as part of its future selection and will look into increasing female board representation.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 4.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is appointed and entrusted by the Board to appraise suitability of candidates for proposed directorship before submitting their recommendations to the Board. The Board is mindful of the need of boardroom diversity and in this context; the NC in evaluating, assessing and recommending to the Board for approval shall take into consideration qualifications, credentials, core competencies vis-à-vis the compositions of required mix of skills to demonstrate knowledge, expertise and experience, character, gender, age, ethnicity, professionalism, integrity, competencies, time commitment and other qualities which the Director would bring to the Board to effectively discharge their roles and responsibilities as Director of the Company.</p> <p>Though recent appointments of Datuk Oh and Raja Zafura, the Company sourced for the most suitable candidates through its Human Resource and Management search networks, the ToR of the NC does not preclude the usage for services of professional recruitment firms to source for the right candidate for directorship or seek independent professional advice whenever necessary. The profile of shortlisted candidates shall be circulated from amongst the NC members for consideration and thereafter recommendation to the Board of Directors for approval.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>In line with Rule 15.08A of the ACE LR with regard the governance of the NC, PUC's NC membership comprises of all Independent Non-Executive Directors.</p> <p>Seated on the NC are: Liew Peng Chuen @ Liew Ah Choy - Chairman, Independent Non-Executive Director Dato' Othman Bin Jusoh - Member, Independent Non-Executive Chairman Nathaniel Grant David Sherick - Member, Independent Non-Executive Director</p> <p>The Chairman, Mr. Liew, who was elected from among the NC and appointed as Chairman of the NC on 2 January 2014, is considered a senior Independent Director not only in terms of being the longest serving Independent Director on the Board but also possesses the right leadership qualities, expertise and industry experience.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors, Board Committees and individual Directors each contribute individual skills, experience, independence and knowledge being regularly reviewed using a skills matrix to cover the skills needed for the running of a public listed company were assessed by undertaking an annual evaluation of effectiveness in terms of their performance, performance of its Board Committees, performance of each individual Directors and abstaining from reviewing their own evaluation respectively where the results of the assessment were subsequently reported to the Board.</p> <p>In the annual assessment of the effectiveness of Board Committees for the FYE2017, the Board was satisfied that the Board of Directors, Board Committees and individual Directors discharged their function, powers, duties and responsibilities to the best of their abilities in accordance with the ACE LR, the recommendations of the Code and relevant best practices without limiting the generality of the Board Charter and ToRs of respective Board Committees for the approval by the Board of Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 6.1

The board has in place 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 policies and procedures are periodically reviewed and made available on the company’s website.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The policies and procedures in determining the remuneration of Directors and Senior Management would be the prerogative of the Board of Directors through the RC and the Human Resource in accordance with the Group’s Limit of Authority respectively.</p> <p>By practice, in recommending the Directors and Key Senior Management’s remuneration to the Board for approval as a whole with the Director concerned abstaining from the decision-making process and in encouraging long-term decision making removing undue volatility from remuneration outcomes, the RC takes into account of the responsibilities of the Directors including the Group Managing Director, the pay and employment conditions of all our employees, the corporate and individual performance, the current views of stakeholders, the general market conditions including accomplishment of strategic goals as well as regional and global corporate performance and benchmarking against the remuneration arrangements of other companies of a similar positions, size and complexity for guidance.</p> <p>The Board believes in a competitive and transparent remuneration framework that is in line with Rule 9.25 Appendix 9C(12) of the ACE LR where the essence on Directors’ Remuneration received and receivable from the Company and its subsidiaries for the FYE2017 are being spelt out in PUC’s Annual Report 2017.</p> <p>Rule 7.24 of the ACE LR and Section 230(1) of the Act further provides that the fees of Directors and any benefits payable to Directors of a listed company and its subsidiaries shall be subject to annual shareholders’ approval at a general meeting.</p> <p>The Board and RC will look into the codification of Remuneration Policies and Procedures that promotes long term success of the Group through its resources.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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 6.2

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.

Application :	Applied
Explanation on application of the practice :	<p>The RC having established on 28 May 2007 is governed by the ToR of the RC which establishes the functions, powers, duties and responsibilities where a copy of the ToR is available on the Company's website at www.puc.com in line with Practice 6.2 of the Code. In line with Practice 6.2 of the Code with regard to the governance of the RC, PUC RC membership comprises of all Independent Non-Executive Directors.</p> <p>Seated on the RC are: Dato' Othman Bin Jusoh - Chairman, Independent Non-Executive Chairman Liew Peng Chuen @ Liew Ah Choy - Member, Independent Non-Executive Director Nathaniel Grant David Sherick - Member, Independent Non-Executive Director (appointed as member on 26 February 2018) Datuk Oh Chong Peng - Member, Independent Non-Executive Director (appointed as member on 26 February 2018) Cheong Chia Chou Member, Executive Director (resigned as member on 26 February 2018 pursuant to recommendation of the Code)</p> <p>In recommending the Directors and Key Senior Management's remuneration to the Board for approval as a whole with the Director concerned abstaining from the decision-making process and in encouraging long-term decision making removing undue volatility from remuneration outcomes, the RC takes into account of the responsibilities of the Directors including the Group Managing Director, the pay and employment conditions of all our employees, the corporate and individual performance, the current views of stakeholders, the general market conditions including accomplishment of strategic goals as well as regional and global corporate performance and benchmarking against the remuneration arrangements of other companies of a similar positions, size and complexity for guidance.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	

Timeframe	:		
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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 7.1

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.

Application :	Applied																																																																																																																																																																															
Explanation on application of the practice :	<p>The Board believes in a competitive and transparent remuneration framework that is in line with Rule 9.25 Appendix 9C(12) of the ACE LR where the essence on Directors' Remuneration received and receivable from the Company and its subsidiaries for the FYE2017 are being spelt out in the table below and reported in the Annual Report 2017:</p> <table border="1"> <thead> <tr> <th colspan="7">Directors' Remuneration (RM)</th> </tr> <tr> <th>Directors</th> <th>Fees</th> <th>Salaries</th> <th>Bonuses</th> <th>Benefits-in-kind*</th> <th>Other Emoluments**</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td colspan="7">PUC</td> </tr> <tr> <td colspan="7">Non-Executive Directors</td> </tr> <tr> <td>Dato' Othman</td> <td>24,000</td> <td>-</td> <td>-</td> <td>-</td> <td>8,000</td> <td>32,000</td> </tr> <tr> <td>Mr. Sherick</td> <td>24,000</td> <td>-</td> <td>-</td> <td>-</td> <td>9,000</td> <td>33,000</td> </tr> <tr> <td>Mr. Liew</td> <td>24,000</td> <td>-</td> <td>-</td> <td>-</td> <td>9,000</td> <td>33,000</td> </tr> <tr> <td>Datuk Oh (appointed on 1 October 2017)</td> <td>6,000</td> <td>-</td> <td>-</td> <td>-</td> <td>4,000</td> <td>10,000</td> </tr> <tr> <td>Raja Zafura (appointed on 1 March 2018)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="7">Executive Directors</td> </tr> <tr> <td>Mr. Cheong</td> <td>-</td> <td>344,500</td> <td>-</td> <td>-</td> <td>-</td> <td>344,500</td> </tr> <tr> <td>Kelvin (resigned on 1 May 2017)</td> <td>-</td> <td>116,000</td> <td>-</td> <td>-</td> <td>14,196</td> <td>130,196</td> </tr> <tr> <td>Kenneth (resigned on 1 May 2017)</td> <td>-</td> <td>128,000</td> <td>-</td> <td>-</td> <td>15,636</td> <td>143,636</td> </tr> <tr> <td colspan="7">Subsidiaries</td> </tr> <tr> <td colspan="7">Non-Executive Directors</td> </tr> <tr> <td>Dato' Othman</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr. Sherick</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mr. Liew</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Oh (appointed on 1 October 2017)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Raja Zafura (appointed on 1 March 2018)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="7">Executive Directors</td> </tr> <tr> <td>Mr. Cheong</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Kelvin (resigned on 1 May 2017)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Kenneth (resigned on 1 May 2017)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>78,000</td> <td>588,500</td> <td>-</td> <td>-</td> <td>59,832</td> <td>726,332</td> </tr> </tbody> </table> <p>Note: - * Benefits-in-kind has the meaning as given by the Malaysian Inland Revenue Board for the FYE2017. ** Other emoluments comprised of commissions, pension or retirement benefits, provision for leave, statutory contributions, meeting allowances and reimbursements.</p>	Directors' Remuneration (RM)							Directors	Fees	Salaries	Bonuses	Benefits-in-kind*	Other Emoluments**	Total	PUC							Non-Executive Directors							Dato' Othman	24,000	-	-	-	8,000	32,000	Mr. Sherick	24,000	-	-	-	9,000	33,000	Mr. Liew	24,000	-	-	-	9,000	33,000	Datuk Oh (appointed on 1 October 2017)	6,000	-	-	-	4,000	10,000	Raja Zafura (appointed on 1 March 2018)	-	-	-	-	-	-	Executive Directors							Mr. Cheong	-	344,500	-	-	-	344,500	Kelvin (resigned on 1 May 2017)	-	116,000	-	-	14,196	130,196	Kenneth (resigned on 1 May 2017)	-	128,000	-	-	15,636	143,636	Subsidiaries							Non-Executive Directors							Dato' Othman	-	-	-	-	-	-	Mr. Sherick	-	-	-	-	-	-	Mr. Liew	-	-	-	-	-	-	Datuk Oh (appointed on 1 October 2017)	-	-	-	-	-	-	Raja Zafura (appointed on 1 March 2018)	-	-	-	-	-	-	Executive Directors							Mr. Cheong	-	-	-	-	-	-	Kelvin (resigned on 1 May 2017)	-	-	-	-	-	-	Kenneth (resigned on 1 May 2017)	-	-	-	-	-	-	Total	78,000	588,500	-	-	59,832	726,332
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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 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Conforming to the practice in the recruitment industry where variable remuneration is funded from an uncapped pool, providing a more competitive with a greater emphasis on performance and contributions. For this reason, the Board is of the view that it is inappropriate to unveil the remuneration of the top five Senior Management given the competitive human resources environment to circumvent hitching of talent and other talent retention issues.
		Due to the recommendations from the Code and with all due respect to the confidentiality and sensitivity of each remuneration package, the Board will consider looking into the disclosure of the remuneration of top five senior management in bands width of RM50,000 but not on named basis.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	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 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Board being an Independent Non-Executive Director, Dato’ Othman serves an audience of Directors whereas the AC, Mr. Sherick, elected from among the AC and appointed as Chairman of the AC on 12 June 2014, is a fellow of the Institute of Chartered Accountants in England and Wales has vast experience in both internal and external audit experience, together with the other members of the AC assist the Board.</p> <p>The Chairman of AC reports and highlights significant matters, AC’s decisions and recommendations for the Board of Directors’ approval.</p> <p>The Chairman of the AC is not the Chairman of the Board</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The AC has not appointed any former key audit partner as members of the AC thereby the recommendation to observe a cooling-off period of at least two (2) years prior to the appointment as a member of the AC would not be necessary.	
		The AC with the approval from the Board will look into the adoption of a policy together with the NC as entrusted by the Board to appraise suitability of candidates for proposed directorship.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC assessed the independence of the External Auditors against the independence criteria as set out by the International Federation of Accountants and the Malaysian Institute of Accountants and received written assurance and confirmation from the External Auditors, Messrs. UHY on their independence throughout the conduct of the audit engagement for the FYE2017.</p> <p>The ToR of the AC allows the AC to review whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment where the approval of the Board was obtained upon the recommendation for reappointment and remuneration of UHY by the AC after their reviewed on the independence of UHY.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	: Adopted
Explanation on adoption of the practice	<p>In line with Rule 15.09 of the ACE LR, PUC's AC membership comprises:</p> <ul style="list-style-type: none"> • Three (3) members • No alternate Director is appointed as a member • All Independent Non-Executive Directors • At least one (1) member of the AC fulfils the requisite qualifications under Rule 15.09 (1)(c) of the ACE LR <p>Seated on the AC are: Nathaniel Grant David Sherick - Chairman, Independent Non-Executive Director Dato' Othman Bin Jusoh - Member, Independent Non-Executive Chairman Liew Peng Chuen @ Liew Ah Choy - Member, Independent Non-Executive Director</p> <p>The Chairman, Mr. Sherick, who was elected from among the AC and appointed as Chairman of the AC on 12 June 2014, is a fellow of the Institute of Chartered Accountants in England and Wales has vast experience in both internal and external audit experience.</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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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.

Application	: Applied
Explanation on application of the practice	<p>Seated on the AC are:</p> <ul style="list-style-type: none">- Nathaniel Grant David Sherick - Chairman, Independent Non-Executive Director- Dato' Othman Bin Jusoh - Member, Independent Non-Executive Chairman- Liew Peng Chuen @ Liew Ah Choy - Member, Independent Non-Executive Director <p>The Chairman. Mr. Sherick, who was elected from among the AC and appointed as Chairman of the AC on 12 June 2014, is a fellow of the Institute of Chartered Accountants in England and Wales has vast experience in both internal and external audit experience.</p> <p>Dato' Othman, has sound background in the financial sector with his experiences in serving over a decade in the audit committee of another listed company.</p> <p>Mr. Liew, thriving with the development of media industry since the late 60s and being in legal practice, possesses the right traits and skills required by PUC Group in discharging his fiduciary duties.</p> <p>The Chairman and members of AC are financially literate.</p> <p>In the annual assessment of the effectiveness of Board Committees for the FYE2017, the Board was satisfied that the AC and its members have discharged their function, powers, duties and responsibilities to the best of their abilities in accordance with Rule 15.12 of the ACE LR, the recommendations of the Code and relevant best practices without limiting the generality of the ToR of AC.</p> <p>We encourage all Directors and Board Committee members including the AC to regularly update their skills and knowledge and to keep up-to-date with market developments and related issues through Board discussion meetings with the Management and vice versa. To keep abreast with the current developments, the Board, individual Directors, the Management and staffs receive ongoing training as required and in the case of newly appointed Directors, essential information of the Group were being presented.</p> <p>The Auditors regularly update and apprise the Directors on new statutes, policy documents and guidelines issued by the regulatory authorities and the requirements by providing briefing during the year on any significant developments in legal, governance and compliance areas to be observed by the Company and Directors thereupon.</p> <p>All Directors have attended and complied with the requirements in relation to the Mandatory Accreditation Programme within the time set and the conferences,</p>

	seminars and training programmes attended by the Audit Committees are report in PUC's Annual Report 2017.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board's focus on an effective risk oversight is critical to setting the tone and culture, processes and structures towards an effective system and affirms its overall responsibility for the Group's risk management and internal control framework which includes the embedment and establishment of an appropriate system in all aspects of the Group's activities covering areas such as governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters.</p> <p>The Board is thus committed to continually promote the culture of risk awareness and builds the necessary knowledge in identifying, evaluating, mitigating, monitoring and managing the significant risks on an ongoing basis in discharging its responsibilities.</p> <p>The risk management and internal control framework put in place is contained in PUC's Annual Report 2017.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>A centralised risk management function integrated with a compliance function was formalised for PUC Group to provide a holistic and wide view of the risk and compliance management within PUC Group.</p> <p>The risk management framework being responsive to changes in the business environment is clearly communicated to all levels.</p> <p>One of the key features of the risk management framework of PUC Group is a risk governance structure and is guided by the below key objectives:</p> <ul style="list-style-type: none"> i. Identification of potential risk inherent in the media and advertising business; media and advertising is a major revenue making arm of PUC Group; ii. Implementation of proper internal control and procedures to manage identified risks; iii. Provision of a sound risk management and internal control system as required by the Code; iv. Instil confidence in the standards of the Group’s management policies and procedures amongst its stakeholders; v. Empowering and equipping the Group with effective policies and procedures for maintaining a competitive edge in the market; and vi. Ensure business continuity of the Group in the event of unexpected circumstances. <p>Review and monitoring of risk is an ongoing process where Head of Departments reported and escalated risks arising from the Group’s day-to-day operations to the Senior Management (comprise of the Group Managing Director, Group Chief Executive Officer, Finance Controller) during the weekly Head of Department meetings or on an ad-hoc basis for their immediate attention and decision making. These are consolidated into the risk profile and presented for deliberation during the AC meeting and subsequently to the Board to ensure its continued application and relevance.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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 9.3 - 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.

Application :	Not Adopted
Explanation on adoption of the practice :	

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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>To advocate for independence of the Internal Audit Function (“IAF”), the IAF of PUC Group is supported by a professional and unbiased outsourced Internal Auditor whose IAF is independent from the operations of its auditees riding on their unspoken impartiality, proficiency and professional due care designed to add value and create sustainability to the Group’s operations through reporting directly to the AC.</p> <p>The principal responsibility of the Internal Auditor is to undertake regular and systematic reviews of the systems of risk management and internal controls to provide reasonable assurance that the systems continue to operate efficiently and effectively to ensure an acceptable level of risk exposure.</p> <p>Identified potential risks and implications that were evaluated in terms of probability of occurrence and their impact due to a lacuna in the existing system of risk management and internal controls did not result to any material loss during the FYE2017. The Board of Directors upon recommendation from the AC and Management are firm on the continuous implementation of monitoring and corrective measures to further strengthen the current system of risk management and internal controls.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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 10.2

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.

Application	: Applied
Explanation on application of the practice	<p>To advocate for independence of the Internal Audit Function (“IAF”), the IAF of PUC Group is supported by a professional and unbiased outsourced Internal Auditor, GovernanceAdvisory.com Sdn. Bhd. whose IAF is independent from the operations of its auditees riding on their unspoken impartiality, proficiency and professional due care designed to add value and create sustainability to the Group’s operations through reporting directly to the AC.</p> <p>The principal responsibility of the Internal Auditor is to undertake regular and systematic reviews of the systems of risk management and internal controls to provide reasonable assurance that the systems continue to operate efficiently and effectively to ensure an acceptable level of risk exposure.</p> <p>In line with best practices, the IAF adopts a risk-based methodology that in establishing its strategic and annual Internal Audit Planning Memorandum deploys audit resources to focus on significant risk areas which priorities the audits to areas that have been assessed as having potentially higher risks for effective governance, risk management and internal control. Where applicable, examinations were conducted on policies, manuals and standards governing the activities, processes, systems and on analysis of the data contained in the accounting and management information systems while key Management were interviewed.</p> <p>Identified potential risks and implications that were evaluated in terms of probability of occurrence and their impact due to a lacuna in the existing system of risk management and internal controls did not result to any material loss during the FYE2017. The Board of Directors upon recommendation from the AC and Management are firm on the continuous implementation of monitoring and corrective measures to further strengthen the current system of risk management and internal controls.</p> <p>In the FYE2017, the IAF performed the following audits and reviews:</p> <ul style="list-style-type: none"> • Credit control and delinquent account management • Disaster recovery plan • Review on media order processing • Sales and collection function (renewable energy)
Explanation for departure	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure :		
Timeframe :		

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 11.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board recognises the key to a corporate sustainability is through fostering a two-way inclusive dialogue with stakeholders. As different stakeholders have different interests and concerns hence developing a communications strategy that delivers the transparency stakeholders demand in an engaging and enriching way is challenging.</p> <p>PUC in thriving excellence is devoted in adhering to the Corporate Disclosure Policy as encrypted in Rule 9, Part C and Rule 9.21 of the ACE LR for a timely and accurate disclosure via its announcement. As electronic communications are becoming increasingly important, the Board has entrusted the Management of PUC in ensuring a credible and responsible market by keeping its first point of contact, the website www.puc.com current, information and contains all relevant information.</p> <p>With dedicated sections on Investor Relations, Corporate Governance and Sustainability and sections on News and Special Events, stakeholders stay connected and informed of the Company's dealings. Furthermore, the Company has an enthusiastic Branding and Communications team which meets key institutional investors, analysts and media briefings on a regular basis as well as answers queries from shareholders and investors who made inquiries to our designated staff as follows: Grace Chang Investor Relations Manager Direct Line: +603 7651 0181 Email: ir@puc.com</p> <p>More of PUC Group is made available through its social media platforms driven by our dynamic Digital Operations team as follows: Facebook page: www.facebook.com/PUCBerhad/ Linked In page: www.linkedin.com/company/PUCBerhad</p> <p>In PUC, remarkably in an age of rapid social change and pressing environment imperatives, our motion to Corporate Social Responsibility ("CSR") is a natural augmentation of our vision to emerge as the nation's most responsible and sustainable Company creating value socially, environmentally and economically.</p> <p>PUC in creating a conducive working environment has improved its provisions of staff welfare is also committed in maintaining the highest standards of ethics and integrity as governed by the Employee Handbook. With the availability of a team building fund for activities that nurture a cohesive workforce and improve the employee's general well-being, work becomes more meaningful and in turn makes the employees more competitive in their performance.</p> <p>Beyond ensuring a safe and healthy workplace, we see the potential in every employee and believe in a learning culture through continuous training and development with the introduction of sponsorship of tuition grant and bond as a support in the furtherance of the employee's professional and personal goals.</p> <p>In widening our horizon, we extend learning opportunities to a local university in Sungai Petani, Kedah, Institut Kemahiran MARA, creating opportunities for the students to understand the solar plant and its system via an arranged educational site visit.</p>

	<p>Aside from that, as we cultivate family together through the statutory maternity leave and riding on the tagline, “a happier family, a happier you”, PUC instigate paternity leave to married male employees in preparation for his wife’s childbirth.</p> <p>In an effort to slow and ultimately reverse the deterioration of our planet Earth, PUC practices electricity, water, paper conservation and recycling of used paper as a measure to curb pollution and reduce effects of global warming.</p> <p>To promote environmental consciousness, advocating energy saving and going green, all our employees joined forces in sustainability to participate in the global celebration in our very own World Earth Day 2018, lights out for our mother Earth.</p> <p>As a means to stimulate an energy saving method, our corporate office uses the LEDeon operated downlight lighting system which is less than 60°C as compared to conventional bulbs.</p> <p>Read more of our CSR on pages 78 and 79 of PUC’s Annual Report 2017.</p>	
<p>Explanation for departure :</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>Measure :</p>		
<p>Timeframe :</p>		

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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a large company as defined by the Code.	
		The Company will consider adopting integrated reporting if the Directors, upon deliberation, opined that the benefits of the adoption outweigh the cost.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is will continue to follow the recommendation of the Code to give notice of annual general meeting to shareholders at least 28 days prior to the meeting, unless unforeseen circumstances arise.</p> <p>PUC's Annual Report 2017 is a central means of communicating to shareholders of the Group's activities, operations and performance over the preceding financial year. Together with the notice, agenda and form of proxy are disseminated to shareholders no lesser than the required statutory days prior to the date of the General Meetings with the past corresponding three (3) Annual General Meetings held more than twenty-eight (28) days after the dissemination of notice, agenda and form of proxy. This practice encourages and enable shareholders to make the necessary arrangements to attend or to appoint proxy or proxies to attend in their stead. Aside from dissemination via postage and uploading PUC's Annual Report 2017, notice, agenda and form of proxy onto Bursa Malaysia Securities Berhad's and the Company's corporate website on www.puc.com, the notice were published in the largest paid English newspaper in terms of circulation in Malaysia namely the Star newspaper to ensure an extensive coverage.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	All Board of Directors, Board Committees, Management and External Auditors have always committed to attend and be available to participate at all General Meetings unless otherwise due to unforeseen circumstances inevitably rendering them unable to attend.	
		The Chairman, in recognition that the General Meetings are important forum for the Board to meet shareholders and has been treated as an opportunity to enhance instantaneous two-way communication with shareholders. Underlying all these is the principle to encourage effective participation by shareholders giving sufficient time to the floor during the question and answer session.	
		The Board and Board Committees will work together with the Management to address the date of General Meetings to which should be available for all parties to attend.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>PUC does not have large number of shareholders or hold General Meetings in remote locations but instead General Meetings have always been held in Klang Valley, Malaysia at locations easily accessible.</p> <p>As an advocate for instantaneous and effective communication, the Company has been exploring and using electronic polling systems that allows the delivery of accurate, comprehensive and instantaneous polling results reporting during the General Meetings having scrutinised by the appointed Independent Scrutineer together ensuring the integrity of results.</p> <p>The Company will look into leveraging technology to facilitate for voting in absentia and remote shareholders' participation at General Meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**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.

Not applicable to PUC Berhad (formerly known as PUC Founder (MSC) Berhad.
