

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7052  
**COMPANY NAME** : Padini Holdings Berhad  
**FINANCIAL YEAR** : June 30, 2020

## OUTLINE:

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

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

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

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is accountable and responsible for the overall performance and affairs of the Group by overseeing and appraising the Group's strategies and policies in achieving the objectives and long term goals of the Group. The Managing Director, who is appointed by the Board, is responsible for the management of the Group's operations and business as well as implementation of business plans and strategies, policies and decisions approved by the Board, and is further supported by a Management Team whose members are tasked to oversee key operating areas within the Group.</p> <p>The Board is guided by the prevailing legal and regulatory requirements as well as the Group's policies in discharging its fiduciary duties and responsibilities. There are altogether nine members in the Board, comprising six Executive Directors and three Independent Non-Executive Directors. The duties, powers and functions of the Board are governed by the Board Charter, the Companies Act 2016, Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and other regulatory guidelines and requirements that are in force. The Board meets quarterly to review performances and strategies of the Group, with the convening of special Board meetings when the need arises.</p> <p>The Board assumes the following key duties which are discharged in the best interest of the Group, in pursuance of integrated regulatory and commercial objectives:</p> <ol style="list-style-type: none"><li>1. Establishing and reviewing the Group's <b>long-term direction</b>, formulate business objectives and strategies through the understanding of the key drivers of the Group's performance in ensuring that the Group is responsive to changes in the business and economic environments.</li></ol>

2. Approving the Group’s annual business plans, annual budget and carries out periodic **review** of the achievements by the various operating divisions against their respective business target.
3. The Board, together with Senior Management, promotes a **sound corporate governance culture** which reinforces ethical, business integrity, commitment to values, delivering sustainable values and managing shareholders’ and stakeholders’ expectation. The Board believes that upholding an effective Corporate Governance (“CG”) structure and culture within the Group can enhance shareholders’ value and overall competitive positioning.
4. Ensuring the Group has appropriate business **risk management process**, including adequate control environment in the internal control systems and management information systems.
5. Ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management.
6. To be accountable to its shareholders and stakeholders whom may be affected by the Group’s decision such as employees, suppliers, customers, the local community and the state/country where the Group is operating.

The Board has delegated its power to the relevant Board Committees such as Audit Committee (“AC”) and Nominating and Remuneration Committee (“NRC”). The Board and Board Committees are supported by management committees such as Risk Management Committee (“RMC”) and Sustainability Committee (“SC”) to ensure the effective discharge of its functions and responsibilities. The roles for each Board Committee are as follows:

- AC to assist the Board in overseeing the financial reporting process as well as monitoring the accuracy and integrity of the Group’s annual and quarterly financial statements. The AC also reviews and evaluates the performance of external audit and internal audit in ensuring efficiency and effectiveness of the Group’s operation, adequacy of internal control system, compliance with established policies and procedures, transparency in decision-making process and accountability of financial and management information.

	<ul style="list-style-type: none"> <li>• NRC is responsible for formulating nominating, selecting and reviewing succession planning for the Group. NRC also determine criteria for Boards’ or Board Committees’ membership, structure, responsibilities and effectiveness, reviews the term of office and performance of the Committees. The Board Committee reviews the successors assessment results, monitors the progress of action taken, including the development programme for the readiness and potential of identified candidates to assume critical position within the Group.</li> </ul> <p>NRC also reviews, assesses and recommends to the Board, remuneration packages of the Managing Director and Key Senior Management. The Board acknowledges that in a competitive global environment where securing talents is a challenge, more attention is needed in managing human capital development.</p> <ul style="list-style-type: none"> <li>• RMC assists the AC in fulfilling its oversight responsibilities with regard to the implementation of the Enterprise Risk Management (“ERM”) system of the Group. The RMC will carry out the process of identification of each business risks; the measurement of the identified business risks; the control or the way the risk is managed in line with the needs of the Group’s policies and strategies; and constant monitoring and communicating of risks associated with any activity, function or process in a way that will enable the Group to minimise losses and maximise opportunities.</li> <li>• SC helps manage the organisation’s sustainability efforts and develop its institutional capacity around sustainability. SC will assess the current state of the Group, brainstorms possibilities, sets goals and creates action plans.</li> <li>• Whistle-blowing channel has been established to protect all employees of the Group and its subsidiaries, other related parties with a business relationship with the Group or any other related persons who report with substantiated evidence, bona fide violations of legal, ethical and/or generally accepted corporate and/or workplace policies or behaviours to the Management and/or to external regulatory parties, from retaliation.</li> </ul> <p>The Committees are established with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board as mandated in the respective committees’ terms of reference/charter. The AC and NRC terms of reference/charter are available at <a href="https://corporate.padini.com">https://corporate.padini.com</a></p>
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<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is led by an Independent Non-Executive Chairman, Chia Swee Yuen, whose principal responsibility is to instil good corporate governance practices, leadership and effective functioning of the Board.</p> <p>The roles and responsibilities of the Chairman are clearly specified in the Board Charter. They include, but are not limited to, the following:</p> <ol style="list-style-type: none"><li>1. Providing necessary leadership for the orderly and effective functioning of the Board.</li><li>2. Promoting a right balance between Executive and Non-Executive Directors and ensuring that Board members participate fully in board activities.</li><li>3. Ensuring that meeting agendas include all relevant issues, and that directors, especially the non-executive members receive information pertaining to such issues in a timely manner.</li><li>4. Ensuring that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board.</li><li>5. Ensuring that the activities of the Board and those covering the Group's business are always conducted in accordance with good Corporate Governance practices.</li><li>6. Acting as liaison between the Board and Management, and between the Board and the Managing Director ("MD").</li></ol> <p>The roles and responsibilities of the Chairman of the Board have been clearly stipulated in the Board Charter which is available on the Group's website at <a href="https://corporate.padini.com">https://corporate.padini.com</a>.</p>

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

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>It has long been recognised that both the Chairman of the Board who is an Independent Non-Executive Director and the Managing Director who is the de facto CEO of the Group, will play important leadership roles. Both of them lead the Board, promotes objectivity in board deliberations and oversees how the Board conducts its relationships with Management.</p> <p>The position of Chairman is held by Chia Swee Yuen, an Independent Non-Executive Director, while the position of Managing Director is held by Yong Pang Chaun. The Chairman is responsible in leading the Board in its collective oversight of Management whilst the Managing Director is responsible to implement the policies and strategies approved by the Board for the purposes of running the business and the day-to-day management of the Group.</p> <p>The Board Charter, available on the Group's website (corporate.padini.com), spells out in greater detail the responsibilities of the Board as a whole and that of the Chairman and the CEO in particular. The Board stresses the importance of achieving business objectives in good corporate governance manner and atmosphere. The Board's oversight is there to ensure that Management does not overstep the boundaries of legal and morally acceptable behaviours.</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 board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two (2) qualified and competent Group Secretaries, namely Ho Mun Yee and Cho Mei Tho. Both Group Secretaries satisfy the qualification as prescribed under Section 235(2) of the Companies Act 2016 and are Associate members of The Malaysian Institute of Chartered Secretaries and Administrators, and has the requisite experience and competency in Group secretarial services. The Group Secretaries continuously stay updated of the evolving market environment, regulatory changes and enhancement in corporate governance best practices by attending trainings.</p> <p>The Group Secretaries manage the logistics of all Board, Board Committee and the group subsidiaries meetings and ensures accurate and proper records of the proceedings and resolutions passed are maintained in the statutory records at the registered office of the Group.</p> <p>The Group secretaries give clear and sound advice on the measures to be taken and requirements to be observed by the Group and the Directors arising from new statutes and guidelines issued by the regulatory authorities to comply with relevant laws, rules, regulations and governance best practices, Boardroom effectiveness and Directors' duties and responsibilities.</p> <p>The Group Secretaries serve as a focal point for stakeholders' communication and engagement on CG issues as well as communication between regulators and the Board and senior management. They play an advisory role to the Board particularly with regards to the Group's Constitution, Board policies and procedures, corporate governance best practices and its compliance with regulatory requirements, codes and legislations.</p> <p>All Board Members have access to the professional advice and services of the Group Secretaries, and are satisfied with the performance and support rendered by the Group Secretaries to the Board in discharging its functions.</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 1.5

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman takes responsibility in ensuring that the Directors are given advance notice of Board and Committee meetings for the year, including the Annual General Meeting ("AGM"), as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results. This will allow Directors to lock in their dates for advance planning. Regular Board meetings are held on a quarterly basis and ad hoc Board meetings will be held as and when required.</p> <p>Comprehensive Board papers containing management reports and proposal papers are given to the Directors at least five (5) days before Board meetings to ensure sufficient time for reviews, setting up the agenda and to seek additional information and/or clarification on the matters to be deliberated at Board meetings. Board members are provided with pertinent information such as minutes of previous meetings, agenda of the immediately pending meeting, financial reports and statements, etc., necessary to enable informed decision-making.</p> <p>The minutes of meetings are prepared and circulated to all the Directors for review and approval. All key points discussed, fundamental questions raised, decisions made during the meeting were recorded, including declaration of interest of the Directors or any abstention on any resolution by the Directors.</p> <p>Minutes of meetings are circulated to all Board members in a timely manner and signed by the Chairman of the Board/Board Committees as a correct record of the proceedings of the meeting based on confirmation from the Board/Board Committee members. Directors may request further clarification or raise comments on the minutes prior to confirmation by the Board. The Board keeps abreast of key issues and decisions made by Board Committees through reports by the Chairman of each committee and via the minutes of Board Committee meetings presented to the Board.</p>

	Each Director, subject to applicable laws, shall have unrestricted access to all information within the Group, to senior management, and to the Group Secretaries. Directors have the right, jointly or individually, at the Group's costs, to obtain independent professional advice where required.	
<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 adopted by the Board clearly sets out the respective roles and responsibilities of the Board and the Management to ensure accountability.</p> <p>The Board Charter sets out the roles and responsibilities of the Board, Board Chairman, Managing Director and Board Committees.</p> <p>The Board Charter covers the following key areas:</p> <ul style="list-style-type: none"><li>• Composition of the Board</li><li>• Roles and Responsibilities of the Board</li><li>• Roles of the Chairman</li><li>• Roles of the CEO</li><li>• Board Structures and Procedures</li><li>• Board / Management relationship</li><li>• Supply of Information to the Board</li><li>• Directors' Training</li></ul> <p>The Board Charter is periodically reviewed by the Board and updated taking into consideration the needs of the Group as well as any development in relevant rules, regulations and laws that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter is accessible for reference on the Group website at <a href="https://corporate.padini.com">https://corporate.padini.com</a></p>

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

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Code of Conduct ("Code"), Corporate Integrity Pledge and Bribery Policy are published on the Group's website at <a href="https://corporate.padini.com">https://corporate.padini.com</a></p> <p>The Group has a Code to provide clear guidelines on permissible or non-permissible conduct in the business practices of the Group.</p> <p>The Code of Conduct and Ethics reinforces the Group's core value on integrity by providing guidance on moral and ethical behaviour that is expected from all employees. The Code, together with other related policies, procedures and guidelines, sets out the principles to guide standards of behaviour and business conduct when employees and Directors deal with third party and these are integrated into Group-wide management practices.</p> <p>The Group communicates the Code and the policies to all employees and external stakeholders. The Code and Policies cover the following four (4) broad categories:</p> <ul style="list-style-type: none"><li>• Corporate Governance</li><li>• Relationships with stakeholders</li><li>• Social responsibilities, and</li><li>• Corporate Integrity and Bribery Policy</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 board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has set up a Whistle-blower Protection Program aimed to protect all employees of Padini Holdings Berhad and its subsidiaries, other related parties with a business relationship with the Group or any other related persons who report with substantiated evidence, bona fide violations of legal, ethical and/or generally accepted corporate and/or workplace policies or behaviours to the Management and/or to external regulatory parties, from retaliation. Of special significance is the fact that whistle-blowing reports may also be directed to the Group's senior independent Director, Lee Peng Khoon.</p> <p>The Group's Whistleblowing Policy adopted by the Board to:-</p> <ol style="list-style-type: none"><li>1. encourage employees and external parties to feel confident in raising genuine concerns and to question and act upon concerns about practice;</li><li>2. provide avenues for employees and external parties to raise those concerns and receive feedback on any action taken; and</li><li>3. reassure employees and external parties that they will be protected from possible reprisals or victimisation for whistleblowing in good faith.</li></ol> <p>Areas of whistle-blowing:</p> <ol style="list-style-type: none"><li>a) Criminal breach of trust;</li><li>b) Fraudulent financial reporting;</li><li>c) Any act of dishonesty or fraudulent practice;</li><li>d) Misstatements arising from any form of misappropriation;</li><li>e) Illegal activities;</li><li>f) Violation of existing laws and/or legal requirements, and/or of the Group's rules and regulations or guidelines;</li><li>g) Expenditures, whether unofficial or authorized, for the purpose of offering an inducement to an employee or a related party to do or otherwise facilitate unethical or illegal activities;</li><li>h) Acceptance of any form of benefit, gifts or favours offered to influence any business decisions in favour of the giver;</li></ol>

	<ul style="list-style-type: none"> <li>i) Receiving or giving of kickbacks, bribes, and like forms of inducements; and</li> <li>j) Any other form of misconduct that might risk the Group's interest or business well-being.</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

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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board currently comprises of three (3) Independent Non-Executive Directors and six (6) Executive Directors which is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Malaysia. (page 22 of Annual Report)</p> <p>The three Independent Non-Executive Directors are not employees and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgement. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Group's business and the reporting of monthly business performances.</p> <p>The Independent Non-Executive Directors do not participate in the day-to-day management of the Group. They engage with senior management, external and internal auditors as and when required to address matters concerning the management and oversight of the Group's businesses and operations.</p> <p>The Group recognises the importance that good Independent Directors brings with them a wealth of knowledge from their own executive careers. They help to guide and shape strategic thinking, perception and the understanding of risk. The Board will intensify its effort to source for suitable candidates for appointment to the Board.</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>	:	Effort will be made progressively over the medium term to bring the composition of the Board to be in line with the MCCG recommendation.	
<b>Timeframe</b>	:	Others	2-3 years

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>As of year 2020, it is the 12th year Foo Kee Fatt has served as an Independent Director of the Group.</p> <p>The Board, through the NRC assessment, has recommended his retention. NRC assesses Independent Directors annually to ascertain their independence (both in mind and appearance), capability, experience, qualifications, personal traits, particularly on integrity and objectivity.</p> <p>In relation to the criteria to assess independence of directors, the Board had adopted the same criteria used in the definition of "Independent Directors" prescribed by MMLR. Accordingly, the NRC has recommended that Foo Kee Fatt will continue to be Independent Director of the Company, notwithstanding having served as Independent Director on the Board for more than nine years.</p> <p>The Company takes note of the recommendation to seek shareholder approval via a two-tier voting process. However, we are of the view that, the two-tier voting is not consistent with the provisions of Section 291 of the Companies Act 2016.</p> <p>We are guided by a legal opinion on this matter and have opted not to adopt the two-tier voting for the time being.</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>	:	Each Independent Director will notify the Board of any changes in his circumstances or of any new relationship that would affect their independence as an Independent Director.

	The Independent Non-Executive Director serving more than nine years has been assessed to be independent and a person with high calibre and his knowledge and experience to contribute positively to the governance of the Group.	
<b>Timeframe</b>	:	Others N/A

**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.

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Diversity Policy to set out the approach to diversity on the Board and workforce of the Group. The Board conducts regular reviews of its composition with the aim to ensure it achieves a diverse Board which is able to benefit from the breadth of perspectives. In sourcing for suitable candidates, the Group takes into account the benefits of having different facets of diversity including gender, age, professional background, skills and experience.</p> <p>The NRC is responsible for assessing and considering suitable candidates for the appointment of Board and Senior Management taking into consideration their capabilities, professionalism, integrity, expertise and experience. In this respect, the roles of the NRC is detailed in its Charter, which is accessible for reference on the Group's website at <a href="https://corporate.padini.com">https://corporate.padini.com</a></p> <p>In making its recommendations to the Board, the NRC considers and assesses the suitability of a new appointment based on objective criteria, including:-</p> <ol style="list-style-type: none"><li>1. Skills, knowledge, expertise and experience;</li><li>2. Time commitment, character, professionalism and integrity;</li><li>3. Perceived ability to work cohesively with other members of the Board;</li><li>4. Specialist knowledge or technical skills in line with the Group's strategy;</li><li>5. Diversity in age, gender and experience background;</li><li>6. Number of directorships in companies outside the Group; and</li><li>7. In the case of candidates for the position of Independent Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors.</li></ol>
<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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Padini is of the view that diversity on the Board enhances the decision-making capability of the Group and it improves board discussions process by allowing different perspectives to be included in decision making.</p> <p>In line with the Government's aspiration to have at least 30% women representation in decision-making positions of Malaysian public companies, the Group currently has 3 female members on the Board, representing more than 30% of the total Board Members.</p> <p>The Group also ensure diversity in its management level by having strong female representations at the management level which could potentially be a pipeline for future candidates to be appointed as Directors or Senior Management.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has in place a formal and transparent procedure for the appointment of Directors to the Board via the NRC. The current process with regards to the appointment of new Directors to the Board may come from a wide variety of sources, including industry database, Directors' pool, senior employees of the Group, shareholders, industry associations, recruiting firms and others. It may obtain independent professional or other advice and may request the attendance of persons at meetings, if necessary.</p> <p>In appointing an appropriate individual to the Board, the NRC shall first consider and recommend to the Board the suitable candidate for directorship taking into consideration and upon the evaluation of the candidate's skills, knowledge, competencies, expertise and experience, time commitment, professionalism, integrity and diversity. The NRC would assess their suitability based on a prescribed set of criteria as set out in the NRC Charter.</p> <p>Detailed information on the process undertaken by the NRC including its process of identifying and appointing a candidate can be found in the NRC Charter on the Group's website at <a href="https://corporate.padini.com">https://corporate.padini.com</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is chaired by Lee Peng Khoon (Independent and Non-Executive Director).</p> <p>The NRC carried out its duties in accordance with its Charter which can be obtained from the Group's website at <a href="https://corporate.padini.com">https://corporate.padini.com</a></p> <p>The NRC comprises three (3) members, all of whom are Independent Non-Executive Directors as follows: -</p> <ul style="list-style-type: none"><li>• Lee Peng Khoon (Chairman, Senior Independent Non-Executive Director)</li><li>• Chia Swee Yuen (Member, Independent Non-Executive Director)</li><li>• Foo Kee Fatt (Member, Independent &amp; Non-Executive Director)</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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC will facilitate objective and candid Board performance evaluation annually which comprises Board assessment, self-assessment and assessment on Board Committees, and presented the outcome to the Board, reports findings to the Board for review and recommends appropriate actions to improve the performance and function of the Board.</p> <p>The process was internally facilitated and conducted through the Directors' Self and Peer Assessment questionnaires circulated to the Directors covering a variety of areas, such as:</p> <ul style="list-style-type: none"><li>• Strategic input on each Director (self and peer review)</li><li>• Ethical and value driven behaviour;</li><li>• Competence and capability;</li><li>• Time commitment; and</li><li>• Independency and tenure limit (for Independent Directors only)</li></ul> <p>The Board took cognisance of Practice 5.1 and will review the process periodically and improve the assessment process. The duly completed questionnaires were collated and the results reported to the NRC for deliberation. Thereafter, the recommendations of the NRC and the results of the evaluation were tabled to the Board. The results, in particular the key strength and weaknesses identified from the evaluation, will be shared with the Board to allow enhancements to be undertaken.</p> <p>Based on the assessment, the Board was satisfied that taking into consideration the nature and the scope of the Group operations and its business requirements, the current size and composition of the Board is appropriate and well balanced with diversity of skill set, knowledge and experience which would facilitate effective decision-making. The Board was also satisfied with the level of independence demonstrated by the Directors throughout the year and their abilities to act in the best interest of the Group.</p>

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has in place a remuneration framework and procedures to determine the remuneration of the Directors which is clear and transparent, designed to attract and retain the right talent in the Board taking into consideration factors such as their fiduciary obligations and responsibilities, time commitment, and the Group's performance and market conditions. Each individual Director concerned abstained from discussion on their own remuneration/fees.</p> <p>The remuneration/fees of the Non-Executive Directors were determined by the Board as a whole based on individual skills, experience and competency, performance of the individual against set business objectives, level of responsibilities undertaken and contributions to the Board.</p> <p>The remuneration of Executive Director ("ED") is structured so as to link rewards to corporate and individual performance. The remuneration includes salary and emoluments, bonus, benefits-in-kind and others.</p> <p>The payment of Directors' fees and benefits payable to the Independent Directors of the Group will be subject to the shareholders' approval at the forthcoming Annual General Meeting ("AGM").</p> <p>The remuneration of Directors and key Senior Management is reviewed by NRC.</p>
<b>Explanation for departure</b>	:	N/A
<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>	:	N/A	
<b>Timeframe</b>	:	N/A	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC has a written Charter which deals with its authority and duties and the Charter is disclosed on the Group's website.</p> <p>The chair of the Committee is currently held by an Independent Non-Executive Director, Lee Peng Khoon, and supported by two members, Chia Swee Yuen and Foo Kee Fatt. The composition, duties and authority of the Committee are disclosed in the NRC Charter and is available for public viewing on the Group's website at <a href="https://corporate.padini.com">https://corporate.padini.com</a> - Charters &amp; Code of Conduct.</p> <p>The NRC is responsible for making recommendations to the Board on the remuneration packages of the Executive Directors and members of the Board Committees.</p> <p>NRC Meetings shall be held at least once (1) a year. At least two (2) members must be present to constitute a quorum. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



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

**Intended Outcome**

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

**Practice 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The breakdown details of each Director's remuneration for the financial period from 1 July 2019 to 30 June 2020 are set out in section 1.8 of the Corporate Governance Overview Statement.	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### 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.

<b>Application</b>	:	Departure								
<b>Explanation on application of the practice</b>	:	N/A								
<b>Explanation for departure</b>	:	<p>The Group does not comply with the recommendations to disclose the detailed remuneration of each member of Senior Management in bands of RM50,000 on a named basis in order to preserve confidentiality, negative impact arising from the disclosure, and the larger need to maintain a stable work environment to meet long-term strategic goals. The Board is of the opinion that the disclosure of the Senior Management's remuneration components (salary, bonus, benefits in-kind and other emoluments) would be detrimental to the Group due to highly competitive conditions in retail business, cost acceleration effect and talent retention.</p> <p>As an alternative to the recommended practice, the Board has opted to disclose a total package for the top 20 senior management as disclosed below:-</p> <table border="1"><thead><tr><th>Remuneration:</th><th>RM</th></tr></thead><tbody><tr><td>Fixed</td><td>4,726,314</td></tr><tr><td>Variable</td><td>1,739,868</td></tr><tr><td>Total</td><td>6,466,182</td></tr></tbody></table> <p>The remuneration of the mentioned top 20 senior management is a combination of an annual salary, bonus, benefits in-kind and other emoluments, which are determined in a similar manner as other management employees of the Group. This is based on their individual performance, the overall performance of the Group, inflation and benchmarked against other companies operating in similar industries in the region. The basis of determination has been applied consistently from previous years.</p>	Remuneration:	RM	Fixed	4,726,314	Variable	1,739,868	Total	6,466,182
Remuneration:	RM									
Fixed	4,726,314									
Variable	1,739,868									
Total	6,466,182									

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

<b>Measure</b>	:	Not required, as the alternative information provided should meet the intended outcome.	
<b>Timeframe</b>	:	N/A	

**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.

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee is Foo Kee Fatt, an Independent Non-Executive Director, and is not the Chairman of the Board so as not to impair the objectivity of the Board's view of the Audit Committee's findings and recommendations.	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Terms of Reference of the Audit Committee require 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.</p> <p>This is to ensure that the independence of the audit process is safeguarded from the potential threats and conflicts which may arise when a former key audit partner joins the Company.</p> <p>To date, the Company has not appointed any former key audit partner as Director of the Company.</p>	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee has put in place policies and procedures to assess the suitability, objectivity and independence of the external auditors. The Audit Committee is responsible for reviewing the audit and non-audit services provided by the external auditors.</p> <p>Written assurance from the external auditors to the Audit Committee confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>In addition, the Audit Committee also obtained annual confirmation from the external auditors on its independence in accordance with the <i>By-laws (on Professional Ethics, Conduct and Practice)</i> of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants ("IESBA Code")</i>.</p> <p>The Audit Committee is satisfied with the suitability and independence of the external auditors based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the financial year ended 30 June 2020 and has recommended their reappointment for the financial year ending 30 June 2021.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A



**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit Committee consists of three members and are exclusively of Independent Non-Executive Directors.</p> <p>The present members of the Audit Committee of the Company are:</p> <ul style="list-style-type: none"><li>i. Foo Kee Fatt (Independent Non-Executive Director; Chairman)</li><li>ii. Lee Peng Khoon (Independent Non-Executive Director; Member)</li><li>iii. Chia Swee Yuen (Independent Non- Executive Director; Member)</li></ul>

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee is established by the Board and comprises three (3) Members, all of whom are Independent Non-Executive Directors. Collectively, the Audit Committee Members have a wide range of necessary skill, knowledge and experience to discharge their duties.</p> <p>The Audit Committee Members are financially literate and are able to understand, analyse, critically and objectively review, challenge and make recommendations on matters under the purview of the Audit Committee, including the financial reporting process.</p> <p>Members of the Audit Committee continuously keep themselves abreast with the latest development in the new accounting and auditing standards and the impact it may have on the Group through briefings by the management and the external auditors.</p> <p>Through the NRC, the Board reviews the term of office of the Audit Committee and assess the performance of the Audit Committee annually. Having reviewed the Audit Committee's performance, the Board is satisfied that the members had discharged their functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee.</p> <p>The profile of each of the Member of the Audit Committee is set out in the section of "Profile of Directors" in the Annual Report.</p>
<b>Explanation for departure</b>	:	N/A

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

<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is ultimately responsible for reviewing the Group's risks, approving the risk management framework and policy and overseeing the Group's strategic risk management and internal control framework.</p> <p>The Board has in place a risk management and internal control systems which enables Management to identify, assess, prioritise and manage risks on a continuous and systematic basis.</p> <p>The Board is further assisted by the Audit Committee, Risk Management Committee and the Management who is overall responsible for ensuring that the day-to-day management of the Group's activities is consistent with the risk strategy, including the risk appetite and policies approved by the Board.</p> <p>The Group's risk management and internal control systems are designed to meet the Group's particular needs, to efficiently and effectively manage risks that may impede the achievement of the Group's business objectives, and to provide information for accurate reporting and ensure compliance with regulatory and statutory requirements. Any major changes to risks or emerging significant risk of the business units in the Group together with the appropriate actions and/or strategies to be taken, will be brought to the attention of the Board by the Management.</p> <p>For detailed information, please refer to the Statement on Risk Management and Internal Control in the Annual Report of the Company.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Management is responsible to manage the key business risks of the Group and implement appropriate internal control systems to manage rather than eliminate risks and to provide reasonable but not absolute assurance against any material misstatement or loss. These systems can therefore provide only reasonable but not absolute assurance against material misstatement, loss or fraud.</p> <p>The Board via the Audit Committee, Risk Management Committee and the Management oversees the Group's risk management, reviews the adequacy and effectiveness of the risk management framework and system of internal controls, and the policies and compliance procedures with respect to business practices.</p> <p>The Management is also assisted by the Internal Audit function in evaluating the effectiveness of the Group's risk management and internal control system through its Internal Audit Plan. The Board also obtains such assurance from Management and other assurance providers in ensuring the adequacy and effectiveness of its risk management and internal control systems.</p> <p>The key features are disclosed in the Statement on Risk Management and Internal Control.</p>
<b>Explanation for departure</b>	:	N/A
<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>	:	N/A
<b>Timeframe</b>	:	N/A

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Risk management committee is a committee at managerial level who report to Audit Committee.

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>It is the policy of the Group to maintain an internal audit function as a primary resource of Audit Committee in the effective discharge of its duties and responsibilities by reviewing and evaluating the Group's operations.</p> <p>The internal audit function of the Group is independent of operations and endeavours to provide independent, objective assurance and consulting services to the Board on the effectiveness and adequacy of the Group's system of internal control.</p> <p>The internal audit engagements were carried out based on the audit plan as approved by the Audit Committee. During the financial year, the results of the audits as disclosed in the internal audit reports were reviewed by the Audit Committee. The internal audit scope contained major improvement opportunities, audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies. Corrective and preventive actions as well as deadlines to complete the actions were provided to the Audit Committee. Reports that require significant improvement opportunities and/or shows critical control deficiencies were tabled to the Audit Committee for deliberation.</p> <p>The Internal Audit personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.</p> <p>The details of the Audit Committee's oversight over the Internal Audit function are set out under the Audit Committee Report.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A



<b>Timeframe</b>	:	N/A	
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## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has outsourced its internal audit function to an independent external party, Baker Tilly Monteiro Heng Governance Sdn. Bhd. which reports directly to the Audit Committee. This internal audit work is headed and led by Mr Kuan Yew Choong who is a graduate from The Association of Chartered Certified Accountants (UK), a chartered member of the Institute of Internal Auditors, Malaysia and a Chartered Accountant (MIA).</p> <p>There were a total of two (2) to three (3) internal auditors, depending on the scope of coverage, which were deployed by Baker Tilly for the internal audit work performed for the Group. All the personnel deployed by Baker Tilly are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.</p> <p>The Committee reviews internal audit and monitors its relationship with the statutory auditors, including plans and performance. It reviews and assesses the quarterly internal audit reports together with Management’s actions on findings to gain assurance as to the effectiveness of the internal control framework throughout the Group.</p> <p>All internal audit work was carried out in accordance with Baker Tilly Internal Audit Methodology, which is consistent, in all material aspects, with the guidance and standards as stipulated in the International Professional Practices Framework (“IPFF”) promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors. The Group’s annual professional fee for internal audit services charged by the outsourced internal auditors is RM62,000.</p>
<b>Explanation for departure</b>	:	N/A

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

<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large as a key element of good corporate governance and thus, maintains a high level of disclosure and communication with its shareholders through disclosure to Bursa Malaysia.</p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through the Annual Report, announcements to Bursa Malaysia, quarterly results, AGM and corporate website. Separate regular meetings and briefings were held for fund managers, institutional investors and investment analysts. The Group's annual report contains comprehensive information on the Group with its contents continuously enhanced to better reflect transparency and accountability.</p> <p>The Group maintains a corporate website at <a href="http://corporate.padini.com">http://corporate.padini.com</a> which is accessible by the shareholders, investors and members of the public to obtain information on the Company's corporate information, operation activities and financial performance. The Board Charter, Constitution of the Group, Terms of Reference of the Audit Committee, NRC Charter and Sustainability Report as well as other relevant and related documents or reports relating to Corporate Governance are available on the aforesaid website.</p> <p>The Group issued its second standalone Sustainability Report for the financial year ended 30 June 2020 concurrently with its 2020 Annual Report. The Sustainability Report was prepared in accordance to the Global Reporting Initiative Standard: "Core Option" and MMLR. Both the 2020 Annual Report and Sustainability Report are also available on the Group's corporate website.</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

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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	N/A	
<b>Explanation for departure</b>	:	The Company recognises the importance of effective communication between the Group and stakeholders to make informed decisions. The Company continues to enhance its communication with stakeholders through providing comprehensive information with regards to the Group's business operations, financial performance, sustainability and corporate social responsibilities activities and corporate governance practices by various channels, such as annual report, other reports, corporate website and general meeting. The Company will review the need to adopt the integrated reporting based on a global recognised framework at an appropriate time.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company will prepare for the adoption of the integrated reporting based on a globally recognised framework at the appropriate time.	
<b>Timeframe</b>	:	2-3 years	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the significance of the AGM as a platform for direct and meaningful communication between the Board and the Company's shareholders. As such, the Board strives to ensure that shareholders are accorded with sufficient time to consider the resolutions that will be discussed and decided upon at the AGM.</p> <p>The notice of the forthcoming Annual General Meeting is given to the shareholders of the Company on 23 October 2020, serving more than 28 days' notice prior to the meeting.</p> <p>The notice for the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Annual General Meeting remains the principal forum for dialogue with shareholders. The Chairman of the Board encourages shareholders' active participation in the proceedings and ask questions about the resolutions being proposed and the operations of the Group.</p> <p>All Directors including the Chair of all the respective Board Committees attended the last AGM to engage directly with shareholders and be accountable for their stewardship of the Company. All Directors have confirmed their attendance for the forthcoming AGM to be held on 24 November 2020. The Board members who are also members of the Board Committees will attend the AGM to provide responses to questions that may be raised by the shareholders if addressed to them.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absence. This is in line with the Listing Requirements in mandating poll voting for all resolutions set out in the notice of general meetings.</p> <p>The Company shall ensure through its Polling Agent, that all valid proxy or corporate representatives or attorney appointments are properly received and recorded.</p> <p>The Group is supportive of any technology that can facilitate voting in absentia and remote shareholders' participation at general meetings. On previous Annual General Meeting, all resolutions put to the shareholders were carried out by poll under an electronic voting process.</p> <p>In view of new normal practice brought by Covid-19 pandemic, the Company's Annual General Meeting ("AGM") for the financial year ended 2020 will be held entirely virtual from Selangor. This AGM will be conducted through live streaming and electronic voting whereby shareholders and proxies can access and participate remotely. With objective to keep our shareholders safe, this also can encourage participation of all shareholders in AGM.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

**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
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