CORPORATE GOVERNANCE REPORT

STOCK CODE **:** 6912
COMPANY NAME **:** PASDEC HOLDINGS BERHAD
FINANCIAL YEAR **:** December 31, 2025

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 PERSUANT 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.

Application :	Applied
Explanation on application of the practice :	The Board of Directors ("**Board**") of Pasdec Holdings Berhad ("**PASDEC**" or "**Company**") is responsible for the overall governance of the Group and is committed to exercise its duties and responsibilities with diligence and proper care for the best interests of the Company and its stakeholders. In discharging its stewardship responsibilities, the Board has assumed the following primary responsibilities:- • Reviews, approves and monitors the strategic direction, business plan and goals of the Group; • Oversees the conduct of business and evaluate whether the business is being properly managed; • Reviews and approves budgets and financial statements; • Identifies principal risks and ensures the implementation of appropriate internal controls and mitigation measures; • Ensures there is appropriate succession plan of the Board and Senior Management; • Ensures that appropriate policies are in place, adopted effectively and are regularly reviewed; • Reviews the adequacy and integrity of the internal controls and management information systems including systems for compliance with applicable laws, regulations, rules and guidelines; and • Ensures the Company has a sound investor relations programme and procedures to ensure effective communication with stakeholders.

	The Board's functions are governed and regulated by the Constitution of the Company, the Companies Act 2016, the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and other applicable legislations that are in force. In discharging its responsibilities, the Board is guided by the Board Charter and Limits of Authority which outline the duties and responsibilities of the Board and define matters that are specifically reserved for the Board as well as matters delegated to the Board Committees and the Management Executive Committee ("**MEXCO**"). To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to committees established to assist the Board in executing its duties and to provide the Board with recommendations and advice. The Board is supported by the Audit and Risk Management Committee ("**ARMC**") and Nomination and Remuneration Committee ("**NRC**") made up wholly of non-executive Directors. Each committee reviews, reports, highlights and makes recommendation to the Board during the Board meetings on key matters discussed in their respective committee meetings. Minutes of each committee meetings are tabled at the Board meetings, keeping the Board informed of the deliberations and decisions made by each committee.
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

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.

<table>
<tr><td>Application :</td><td>Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td>The roles and responsibilities of the Chairman of the Board are specified in the Company's Board Charter, which is available on the Company's website at www.pasdec.com.my.

The Chairman of the Board, YBhg. Gen. Tan Sri Dato' Sri Zulkiple bin Kassim (R), is an Independent Non-Executive Director, who provides leadership and is responsible for the orderly conduct and smooth functioning of the Board to ensure the Board performs its roles effectively and ensures the integrity and effectiveness of the corporate governance processes of the Group.

The Chairman is responsible for, amongst others:-
(i) Leading the Board in setting the values and standards of the Group.
(ii) Managing Board communications and Board effectiveness and supervision over the Management.
(iii) Chairing the Board meetings and encouraging debates on issues and positive contributions from each Board Member while ensuring Board proceedings are in compliance with good conduct and best practices.
(iv) Acting as main representative of the Company alongside the Executive Deputy Chairman ("EDC") and the Chief Executive Officer ("CEO") at shareholders' meetings or at any investor/media briefings and ensuring effective communication with shareholders and relevant stakeholders.
(v) Maintaining a relationship of trust with and between the Executive Directors and Non-Executive Directors.
(vi) Ensuring the provision of quality, accurate and timely information to Directors to facilitate decision making.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td></td></tr>
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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	:	The positions of Chairman of the Board and Executive Directors are held by separate persons. There is a clear division of responsibilities between the Chairman, YBhg. Gen. Tan Sri Dato' Sri Zulkiple bin Kassim (R) and the Executive Directors i.e. YH Dato' Sri Tew Kim Thin (the EDC) and Mr. Tew Kim Kiat (the Executive Director) as well as the CEO in order to ensure that there is a balance of power and authority and as such neither individual has unfettered power over decision-making. The Independent Non-Executive Chairman, Gen. Tan Sri Dato' Sri Zulkiple bin Kassim (R), is primarily responsible for the orderly conduct, smooth functioning and effectiveness of the Board. He leads the Board members to ensure that they address strategies, business operations, financial performance and risk management while promoting high standards of corporate governance. The Chairman facilitates active participation of the Board members in meetings and ensures that no Board Member dominates the discussion and that opinion of all Members are heard and given due consideration in the decision making process of the Board. To oversee the day-to-day management of the Group, the Board has established MEXCO headed by the EDC and made up of the Executive Director, CEO, Chief Operating Officer and members of management team. In accordance with the powers and authorities delegated by the Board, MEXCO ensures strategic business and operations of the Group are efficiently managed and makes appropriate recommendations to the Board on matters requiring Board's deliberation and decision. MEXCO acts as an important link between the Board and management, ensuring timely execution and alignment of Group strategies. Notwithstanding the delegation of authority, the EDC, ED and the CEO remain accountable to the Board for their actions.
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
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4
The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.		
Application :	Applied	
Explanation on application of the practice :	The Chairman of the Board is not a member of the ARMC and NRC in order to ensure an objective review by the Board on deliberations of matters raised by Board committees. The Chairman, YBhg. Gen. Tan Sri Dato' Sri Zulkiple, did not participate in any meetings and deliberations of these committees, by way of invitation, in the financial year ended ("**FYE**") 31 December 2025.	
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

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by a competent and qualified Group Company Secretary namely Ms. Shakerah Enayetali who satisfies the qualification under Section 235 of the Companies Act 2016 and has the requisite experience and competency in secretarial services. Her roles and responsibilities include:- (i) Provision of support services to all the Directors. (ii) Preparing the agenda with the Chairman of the Board and/or Committee and the EDC/GMD and notifying all Directors of Board and Board Committees meetings. (iii) Attending all Board and Board Committee meetings of the Company and ensuring that all meetings are properly convened and proceedings of the Board and Board Committees meetings and decisions thereof are properly recorded and minutes of proceedings of meetings are circulated to Directors for comment before they are confirmed. (iv) Communicating decisions of the Board and Board Committees to the Management for their necessary action and follow-up on proposals or matters tabled at the Board or Board Committees meetings. (v) Advising the Board on compliance to the relevant statutory and regulatory requirements, codes, guidance, and board policies and procedures and providing updates on relevant laws, regulatory and corporate governance practices and developments. (vi) Advising the Directors on corporate disclosure and compliance matters such as disclosure of interest, conflict of interest, prohibition of dealing in securities and restriction on disclosure of price-sensitive information. (vii) Managing the process for shareholders' general meetings by ensuring the meetings are properly convened and the proceedings of the meetings and decisions thereof are properly recorded. (viii) Monitoring developments in the principles and recommendations of the Malaysian Code on Corporate Governance ("**MCCG**") and assisting the Board in the application of good corporate governance practices.

	(ix) Ensuring the availability and supply of information to the Directors for the proper discharge of their duties. (x) Identifying and arranging suitable training and development programmes for the Directors. The Group Company Secretary keeps herself abreast of the regulatory changes and developments in corporate governance by attending professional training programmes and conferences.	
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

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	Notice of Board and/or Board Committees meetings are usually sent to the Directors via e-mail or other appropriate means at least five (5) days prior to the respective meeting upon consultation with the Chairman of the Board and/or the appropriate Committee. Structured agenda and Board or Committees papers of the appropriate quality are usually emailed or circulated to the Directors at least three (3) days prior to Board or Board Committees meetings to enable the Directors to have sufficient time to peruse and assess the meeting papers and obtain further explanation from the Management or Company Secretary, if necessary, in order to facilitate informed decision-making. In the event any additional or urgent Board papers are circulated to the Directors less than three (3) days or distributed at the Board meeting itself in order to maintain confidentiality on matters that are deemed highly confidential, detailed explanation of the subject matter will be provided to the Board in the meeting. Meeting papers tabled to the Board include progress reports on business operations, financial reports, detailed information on business propositions and corporate proposals including where relevant, supporting documents such as risk evaluations and professional advice. Minutes and reports of Board Committees are tabled at the Board meetings for the Board's deliberation, approval and/or information/notation. The deliberations and decisions of the Board and Board Committees are properly documented in the minutes and the draft minutes are circulated to all the Directors/members of the Board Committees. The Company Secretary would also notify and follow-up with the Management of any appropriate actions to be taken or further updates to be provided to the Board. Items identified as matters arising would be further discussed at the next Board/ Board Committee meetings.

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<tr><td>Explanation for departure :</td><td colspan="2"></td></tr>
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<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

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	:	The Board has formally adopted a Board Charter which documents the strategic intent, duties, functions and roles and responsibilities of the Board including the division of responsibilities and powers between the Board and Management, the different committees established by the Board, and between the Chairman, Executive Directors and Management as well as schedule of matters reserved for the Board. The Board Charter is reviewed as and when necessary and is available on the Company's website at www.pasdec.com.my	
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

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	:	Applied	
Explanation on application of the practice	:	The Group has in place a Code of Business Conduct & Work Ethics to promote and maintain high ethical standards at all times. The Directors observe and adhere to the code which is based on principles of integrity, sincerity, honesty, responsibility and accountability in order to enhance the standard of corporate governance. The Company's Whistleblower Protection Policy provides an avenue for employees and stakeholders to disclose and report instances of improper, unethical or unlawful conduct within PASDEC without fear of reprisal. The Company has in place an Anti Bribery and Corruption Policy and is committed in conducting its business dealings ethically and with integrity as well as in compliance with the applicable laws and regulations. The Company's Gift, Donation & Sponsorship Policy provides guidance for providing and receiving of gifts and provision of donations and sponsorships within PASDEC 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

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 :	The Group has in place a Whistleblower Protection Policy which provides an avenue for employees and stakeholders to disclose and report instances of improper, unethical or unlawful conduct within PASDEC without fear of reprisal. Any person may report allegations of suspected misconduct or breach or suspected breach of law, rule or regulation under which the Company operates that may adversely affect the Company and its stakeholders and is encouraged to make disclosure by submitting his/her concerns via the channels provided in the Policy. Acts of misconduct or improper activities may be disclosed in writing, by e-mail, telephone or in person with preference given to reporting in writing to ensure a clear understanding of the issues raised. The ARMC has the overall responsibility to administer and monitor any cases reported and investigated pursuant to the Whistleblower Protection Policy. The latest version of the Whistleblower Protection Policy can be found on the Company's website at www.pasdec.com.my.	
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

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of sustainability development to businesses and is committed to ensure attention is given to economic, environment, social and governance (EESG) aspects as an integral part of its business operations and takes cognisant of the growing importance of business sustainability and its role in creating long-term value for stakeholders. The Group has established a Sustainability Governance Framework to provide clear accountability and coordination for all economic, environmental, social and governance (EESG) matters of the Group. The Board holds overall responsibilities and oversight and provide strategic direction on the sustainability matters. The MEXCO, chaired by the EDC, supports the Board in setting sustainability strategies, policies, practices and targets as well as overseeing initiatives and overall performance. MEXCO is supported by the Sustainability Working Committee comprising representatives from various departments in implementing and managing the sustainability initiatives at operational level, to ensure a coordination and integrated approach across the organisation. To achieve good corporate governance, the Board has established policies and procedures such as the Code of Business Conduct and Work Ethics, Corporate Disclosure Policies and Procedures, Whistleblower Protection Policy, Anti Bribery and Corruption Policy, Gift, Donation and Sponsorship Policy, Sustainability Policy, Board Diversity Policy and Fit and Proper Policy.

<table>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
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<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

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

Practice 4.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Sustainability Report which forms part of the Annual Report is issued and made available on the Company's corporate website. Both the internal and external stakeholders are able to continue to stay informed of the Company's sustainability strategies, focus, targets, progress, achievements and other related disclosures through this report.	
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

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

Practice 4.3

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

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Board recognises the importance of understanding and having knowledge of sustainability issues that are relevant to the Group and its business to discharge its role effectively.

The Directors attend relevant training sessions to stay abreast with and enhance their understanding of sustainability issues that are relevant to the Company and its business.

All the Directors have attended the Mandatory Accreditation Programme (“MAP”) stipulated by Bursa Securities. MAP I incorporates the corporate governance principles and best practices, while MAP II aims to provide the Directors with the foundation to address sustainability risks and opportunities effectively and have better oversight over the Company’s material sustainability matters.

The Board is periodically briefed by the Management on key sustainability developments that could affect the Company and its business, including climate-related risks and opportunities.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
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<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

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

Practice 4.4
Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	The Group will consider the review of performance of the Board and Senior Management that would address the Company's material sustainability risks and opportunities. The Board is mindful that setting sustainability targets require the Company to carefully examine the attainability of the targets, which should be weighed against the Company's ambitions and goals. Hence, to ensure that the key performance indicators set for the Senior Management and Board evaluation are appropriate, measurable and aligned to the Company's long-term sustainability strategy, a comprehensive study is therefore required. Currently, the Board leads the sustainability initiatives as set out in the Sustainability Statement in the Annual Report 2025.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.5- Step Up

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

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.		
Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Practice 5.1
The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	The NRC is tasked with the responsibility of identifying, assessing and recommending the right candidates to the Board as well as reviewing and assessing the composition and performance of the Board. This approach is aligned with the Company's Board Diversity Policy and ensures that a broad spectrum of perspective is incorporated into Board deliberations and decision-making. In considering new appointments to the Board, the NRC evaluates factors such as skills set, expertise, knowledge, leadership experience, diversity of background, meeting of fit and proper criteria, professionalism and time commitment. The NRC has conducted Annual Assessment Of Independence Of Independent Directors for the FYE 2025, facilitated by the Company Secretary. The NRC was satisfied that the Independent Directors fulfill the criteria of independence and are able to continue bringing independent and objective judgement to the deliberations and the decision making process as well as continue to act in the best interest of the Company. Based on the Directors' fit and proper criteria in accordance with the Fit and Proper Policy, the NRC was satisfied that the retiring Directors had discharged their duties effectively and contributed positively to the Board's deliberations. Accordingly, the Board has recommended the re-election of Gen. Tan Sri Dato' Sri Zulkiple and Dato' Sri Tew Kim Thin, who are due to retire by rotation at the 30th Annual General Meeting ("**AGM**") in accordance with Clause 80 of the Company's Constitution.
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 5.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The present Board comprises of an Independent Non-Executive Chairman, two (2) Executive Directors, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The Independent Directors that served the Company in the FYE 2025 are:- 1. YBhg. Gen. Tan Sri Dato' Sri Zulkiple bin Kassim (R) 2. YH Dato' Sri Sharifuddin bin Ab. Ghani 3. Pn. Sharina Bahrin The Board is mindful on the MCCG's recommendation for at least half of the Board to be made up of independent non-executive directors and will assess the composition and size of the Board, as and when it deems necessary. Nevertheless, the Independent Directors who represent about 40% of the Board, provide an effective check and balance in the functioning of the Board and the composition is in compliance with Paragraph 15.02 of the MMLR, which requires at least two Directors or one-third of the Board to be independent. Moreover, the Chairman of the Board is an Independent Director. Both the ARMC and NRC are chaired by Independent Director with majority of the members being Independent Directors. The Company has in place appropriate governance structures and internal controls to safeguard the assets of the Group and protect shareholders' value. The Independent Non-Executive Directors do not participate in the day-to-day management of the Group. They engage with the 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.

	The Board is satisfied with the level of independence demonstrated by all the Independent Directors and will continue to conduct their independence assessment with the assistance of the NRC to ensure that the Independent Directors are able to execute independent judgment and act in the best interest of the Group.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :	Not Applicable	
Timeframe :		

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

Practice 5.3
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application	:	Applied	
Explanation on application of the practice	:	The Company will not be seeking annual shareholders' approval for retention of independent director at the forthcoming 30th AGM as none of the Independent Directors' tenure with the Company has exceeded the cumulative term of nine (9) years.	
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 5.4 - Step Up

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

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.		
Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board has adopted a Board Diversity Policy to set out the approach to diversity on the Board. The Board recognises the importance of boardroom diversity including skills, knowledge, experience, gender, age, education background, ethnicity and socio-economic background in designing the composition of the Board for the effective functioning of the Board. In considering the new appointments to the Board, the NRC evaluates factors such as skills set, expertise, knowledge, leadership experience, diversity of background, meeting of fit and proper criteria, professionalism and time commitment. The Company has in placed Fit and Proper Policy as a guiding framework and mechanism to the Board in considering the appointment and re-election of the Director of the Company. The Board composition as at 31 December 2025 in terms of each of the Directors' industry experience and/or background, age and ethnicity is as follows:-

DIRECTOR	Industry/ Background					Age Composition		Ethnic	
	Public Service	Accounting/Finance	Engineering/Construction	Business/Entrepreneur	Strategic Leadership/ Management	50 to 59 years	Above 60	Bumiputera	Non-bumiputera
Gen. Tan Sri Dato' Sri Zulkiple Bin Kassim (R)	✓				✓		✓	✓	
Dato' Sri Tew Kim Thin			✓	✓	✓		✓		✓
Tew Kim Kiat			✓	✓	✓		✓		✓
Dato' Kamarul 'Arifin Bin Ahmad		✓			✓	✓		✓	
Dato' Mohd Faizal Bin Jaafar	✓				✓	✓		✓	
Dato' Sri Sharifuddin Bin Ab. Ghani	✓				✓		✓	✓	
Sharina Bahrin		✓		✓	✓		✓	✓	

The appointment and renewal service contract of key senior management personnel of the Group is also assessed and recommended by the NRC after being taken into consideration diversity in experience, skills, background and gender as well as past performances and capabilities.

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 5.6

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

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

<table>
<tr><td>Application :</td><td colspan="2">Departure</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2"></td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2">The current process with regards to the appointment of new directors to the Board is based on the recommendation of the NRC. The Board relies on the existing network and referrals from Directors and major shareholders as primary means to source for new Directors as they represent a tried and tested method of sourcing high-calibre Directors with a sound understanding of the business.

The Board takes cognisance of the recommendation and therefore the Board via the NRC might consider independent sources such as search firms or directors registry to identify suitably qualified candidates for appointment as director of the Company, should the need arise in future.</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	There is no individual seeking for election as a Director at the forthcoming AGM. In accordance with the Company's Constitution, on third (1/3) of the Director shall retire by rotation at each AGM and a Director who is appointed during the year shall retire at the next AGM. All Directors shall retire once in every 3 years. The information of Directors retiring under Clause 80 of the Company's Constitution in the AGM such as their profile, record of attendance to meetings and shareholdings (if applicable), are disclosed in the Annual Report. The profiles of the Directors include details like their age, gender, academic and professional qualification, working experience, any disclosure of conflict of interest, any family relationship with the directors and/or major shareholders and any conviction for offences. In the forthcoming 30th AGM, the Directors up for re-election by rotation are Gen. Tan Sri Dato' Sri Zulkiple and Dato' Sri Tew Kim Thin. They have been assessed according to the Directors' fit and proper criteria in accordance with the Directors' Fit and Proper Policy. Both of them met the fit and proper criteria set by the Company accordingly. Gen. Tan Sri Dato' Sri Zulkiple, who was assessed on his independence, was found to continue bringing independent and objective judgement to the deliberations and the decision-making process of the Board and accordingly has met fit and proper criteria. Dato' Sri Tew Kim Thin as the EDC will continue to commit his time to the Group to effectively discharge his roles and responsibilities.

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 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	Chairman of the NRC is YH Dato' Sri Sharifuddin bin Ab. Ghani, an Independent Non-Executive Director.	
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 5.9
The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board comprises of a sole woman Director namely Puan Sharina Bahrin in compliance with Paragraph 15.02(1)(b) of the MMLR. Puan Sharina is the Audit Committee Chair and a member of the Malaysian Institute of Accountants. The Board is of the view that the current representation of one woman Director is sufficient for the time being.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Not Applicable	
Timeframe	:		-

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

Practice 5.10
The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application :	Applied	
Explanation on application of the practice :	The Company's Board Diversity Policy recognises the importance of boardroom diversity including but not limited to skills, knowledge, experience, age, ethnicity, education background and gender for the effective functioning of the Board.	
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
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.		
Application	:	Applied
Explanation on application of the practice	:	Board evaluation is done once in every 2 years unless new appointment is made during the financial year. Evaluation questionnaires are circulated to all the Directors to obtain their feedback, views and suggestions for improvement on the performance of the Board and Board Committees. Each Director is rated by his/her peers and via self-assessment based on the following performance criteria, amongst others:- • Board's time used effectively • Opportunity for open communication and meaningful participation • Ensuring conformance and compliance • Professionalism and integrity. Review of ARMC is undertaken annually to assess the terms of office and performance of the ARMC and each of its member in accordance with Paragraph 15.20 of the MMLR. Evaluation of the ARMC is undertaken by the ARMC members (peer review) and the NRC members based on set criteria including:- • Receipt of timely information to carry out its responsibilities • ARMC's independence • Consistent and appropriate in probing and challenging matters presented to ARMC. • Adequate time spent by ARMC meetings on important or emerging issues. • ARMC carried out its responsibilities as per its terms of reference. All the assessments and evaluations carried-out are documented. The Group Company Secretary facilitates the preparation and circulation of the assessment and collation of the results. Summary report of the assessment of the Board and the ARMC and comments of the Directors are tabled to the NRC and subsequently to the Board.

	The result of the evaluation of each individual Director is submitted to the Chairman of the Board.	
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

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

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The benefits payable to the non-executive Directors of the Company are subject to the shareholders' approval at the Company's AGM. Annual fees proposed to be paid to the Directors are also subject to approval of the shareholders. The remuneration packages (includes salaries, benefits, allowances and other emoluments) of the Executive Directors are linked to their responsibilities and the financial performance the Group. The remuneration strategy for the Key Senior Management is through the use of an integrated pay and benefits structure, to reward performance in order to contribute to the success of the Company. The NRC recommends to the Board the remuneration package of the Executive Directors and Key Senior Management. The Terms of Reference of NRC is available on the Company's website at www.pasdec.com.my.
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
The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

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

Practice 7.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has a NRC to review and recommend matters relating to the remuneration of the Board and the Senior Management. The NRC comprises of three (3) members, two (2) of whom are Independent Non-Executive Directors. The Committee is chaired by an Independent Director. The NRC's authority and duties as well as functions are defined in its Terms of Reference, which is accessible on the Company's website at www.pasdec.com.my. The activities of the NRC during the FYE 2025 can be found in the Annual Report 2025 of the Company.	
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
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1
There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure of remuneration breakdown of individual Directors which includes the salary and/or allowances received as well as the proposed annual fees for the FYE 2025, are set out as below. The Directors' fees are subject to prior approval of the shareholders at the forthcoming 30th AGM of the Company, and if approved, will be paid on pro-rated basis according to the respective Director's service during the financial year.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Gen. Tan Sri Dato' Sri Zulkiple bin Kassim (R)	Independent Director	25,000	52,500	-	-	-	-	77,500	25,000	52,500	-	-	-	-	77,500
2	Dato' Sri Tew Kim Thin	Executive Director	20,000	104,750	-	-	-	-	124,750	20,000	104,750	-	-	-	-	124,750
3	Tew Kim Kiat	Executive Director	20,000	80,750	-	-	-	-	100,750	20,000	84,350	-	-	-	-	104,350
4	Dato' Kamarul 'Arifin bin Ahmad	Non-Executive Non-Independent Director	20,000	45,250	-	-	-	-	65,250	20,000	45,250	-	-	-	-	65,250
5	Dato' Mohd Faizal bin Jaafar	Non-Executive Non-Independent Director	20,000	45,500	-	-	-	-	65,500	20,000	45,500	-	-	-	-	65,500
6	Dato' Sri Sharifuddin bin Ab. Ghani	Independent Director	20,000	52,250	-	-	-	-	72,250	20,000	52,250	-	-	-	-	72,250
7	Sharina Bahrin	Independent Director	20,000	53,000	-	-	-	-	73,000	20,000	53,000	-	-	-	-	73,000
8	Johari Shukri bin Jamil (resigned w.e.f. 1.4.2025)	Executive Director	-	12,000	141,512	-	-	105,000	258,512	-	12,900	141,512	-	-	105,000	259,412

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

Practice 8.2
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Although the MCCG recommends that the Company discloses on a named basis the Senior Management's remuneration component in bands of RM50,000, the Board is of the view that the disclosure of these details would not be in the best interest of PASDEC Group due to confidentiality, privacy and sensitivity of the remuneration package.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Not Applicable	
Timeframe	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1								
2								
3								
4								
5								

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The ARMC is chaired by Puan Sharina Bahrin, an Independent Non-Executive Director, who is not the Chairman of the Board. Puan Sharina Bahrin has sound financial understanding and experience to effectively lead the ARMC. She is a Fellow of the Institute of Chartered Accountant Australia and New Zealand, and a member of the Malaysian Institute of Accountants.	
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
There is an effective and independent Audit Committee.

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

Practice 9.2
The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	All the ARMC members are Non-Executive Directors. They were neither former key audit partners nor employees of the external auditors of the Group in the three (3) years preceding their appointment as ARMC members. The terms of reference of ARMC has included the clause of the cooling-off period of at least 3 years before a former partner of the external audit firm can be appointed as a member of the ARMC, in line with the updated MCCG. The terms of reference of the ARMC are available on the Company's website at www.pasdec.com.my.	
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
There is an effective and independent Audit Committee.

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

Practice 9.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The ARMC's Terms of Reference requires the Committee to assess the suitability, objectivity and independence of the external auditors in making appropriate recommendations to the Board on the appointment, re-appointment or termination of the external auditors.

In their Audit Plan for the year 2025, Messrs. Grant Thornton Malaysia PLT confirmed their independence in accordance with the firm's requirements and the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

The ARMC meets the external auditors without the presence of the Management for independent and honest exchange of views/opinions on matters related to their audit and findings as and when necessary.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

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 9.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

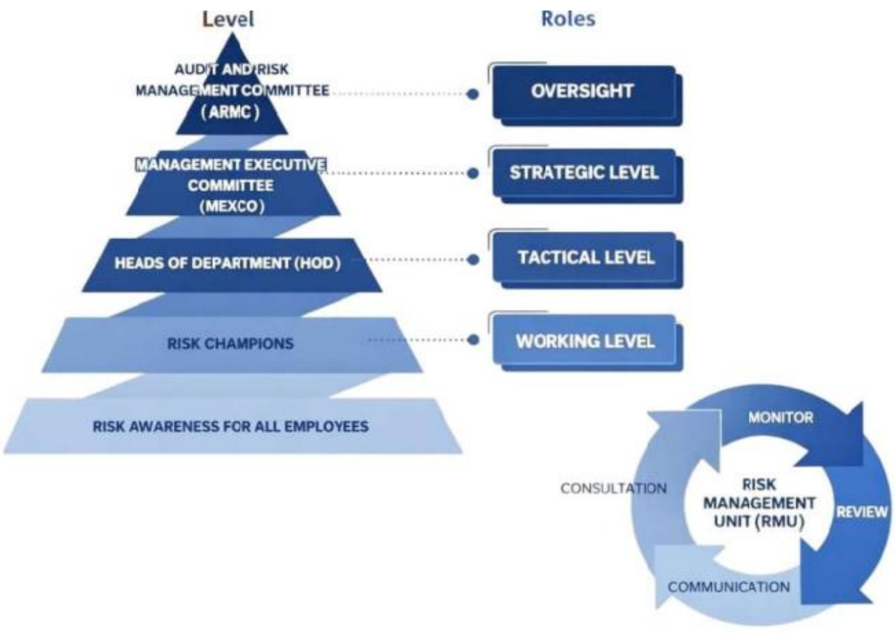
All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	As at 31 December 2025, the ARMC comprises of members with diverse qualification, expertise and experience. Members of the ARMC are financially literate and equipped with the required business skills to effectively discharge their duties and responsibilities. Members of the ARMC are encouraged to attend professional development programmes to keep themselves abreast of developments in accounting and auditing standards and rules. The respective profile of the members of the ARMC, as well as the list of training attended by them can be found in the 'Profile of Directors' and 'Corporate Governance Overview Statement' sections of the Company's 2025 Annual Report.	
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
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

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

Practice 10.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Group has in place an effective Risk Management and Internal Control Framework which involves all levels of management and employees within the Group. **<u>PASDEC'S RISK MANAGEMENT FRAMEWORK</u>**  ARMC undertakes an oversight function of risk management, governance and internal control. ARMC escalates any issues that require Board's attention to the Board meetings. Internal Control System is embedded in the Group's decision making and operations. Internal Control Manual was produced as a guide on PASDEC's internal control. The following five elements of Internal Control are described in the manual:-

<table>
<tr><td></td><td colspan="2">

<u>PASDEC'S INTERNAL CONTROL FRAMEWORK</u>

Further information on risk management and internal control framework and system of the Group are disclosed in the Statement on Risk Management and Internal Control in the Company's 2025 Annual Report.
</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

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

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

Practice 10.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The features of the Group's risk management and internal control framework, and the adequacy and effectiveness of this framework are disclosed in the Annual Report 2025 under the Statement on Risk Management and Internal Control.	
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

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

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

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

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 11.1

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 :	The internal audit function of the Group is outsourced to a professional consulting firm which is independent and reports directly to the ARMC. During the year, ARMC was assisted by the outsourced Group Internal Audit ("**GIA**") in the discharge of their duties and responsibilities. GIA is independent of operations and its primary responsibility is to provide assurance to the ARMC on the effectiveness of governance, risk management and internal control processes within the Company. GIA uses risk based approach to determine the priorities of the internal audit activities, consistent with the strategies of the Group. The audit activities conducted by the GIA is based on the Committee of Sponsoring Organisation of the Treadway Commission (COSO) control framework to evaluate and improve the Company's internal controls.	
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
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2
The board should disclose–
- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application :	Applied
Explanation on application of the practice :	The GIA is currently outsourced to AQ Aros & Co., an internal audit firm. The firm is an independent professional internal audit service provider which is manned by professionally qualified and experienced staff. For each internal audit review, a team led by Managing Partner, En. Abdul Qadir Osman b in Aros and the Senior Consultant in charge, En. Asni Hardiana bin Awalludin are assigned by the audit firm to undertake review in accordance with the internal audit plan approved by the Audit Committee. The Managing Partner of AQ Aros & Co. is a member of the Malaysian Institute of Accountants. He holds a Degree in Accountancy from University of Wollongong Australia, MBA in Strategic Management from Universiti Teknologi Malaysia, and passed his professional papers from Chartered Institute of Management Accountants, United Kingdom. The Senior Consultant in charge of the firm holds a Bachelor Degree in Economics from University of Wollongong, Australia and has extensive experience in the banking and corporate sectors covering areas such as business and corporate finance, strategic and corporate planning, internal audit and sustainability. He has obtained certification as a Certified Sustainability Professional (CSP) awarded by the Global Reporting Initiative (GRI). The internal audit firm appointed by the Company is free from any relationships or conflict of interest which could impair their objectivity and independence. The GIA performed their work by referring to a recognised framework such as the standards recommended by the International Professional Practices Framework of the Institute of Internal Auditors.

	Internal audit function and its activities are disclosed in the ARMC Report of the Company's Annual Report 2025.	
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
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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

Practice 12.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

Application :	Applied
Explanation on application of the practice :	The Board recognises the importance of effective dialogue with shareholders and investors to facilitate mutual understanding of each other's objectives and expectations. The various channels of communication with stakeholders are through the following:- (i) Quarterly announcements on financial results, year-end financial results and other periodical or relevant announcements to Bursa Securities disseminated and released to the public via Bursa LINK; (ii) General meetings of shareholders; (iii) Circulars and annual reports; (iv) The Company's website at www.pasdec.com.my which allows shareholders and the general public access to information like corporate profile, contact details of designated persons, relevant policies and announcements made to Bursa Securities. (v) Press releases/press conferences; (vi) Engagement sessions with the employees; (vii) Corporate social responsibility and community engagement programmes; and (viii) Social media platforms. The channels of communication mentioned above are able to enhance the stakeholders' understanding of the Group's business and operations and aid them in making informed investment decision.
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
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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

Practice 12.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
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

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

Practice 13.1

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

<table>
<tr><td>Application</td><td>:</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice</td><td>:</td><td colspan="2">Notice for the 29th AGM held on 11 June 2025 was issued on 30 April 2025, 41 days prior to the meeting.</td></tr>
<tr><td rowspan="2">Explanation for departure</td><td rowspan="2">:</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="4">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure</td><td>:</td><td colspan="2"></td></tr>
<tr><td>Timeframe</td><td>:</td><td></td><td></td></tr>
</table>

Intended Outcome

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

Practice 13.2

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

<table>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">All the Directors that were in office during the period attended and engaged with the shareholders during the 29th AGM. The Company's general meeting acts as a principal forum for dialogue with the shareholders and two-way interaction between the shareholders with the Board and Senior Management.

The proceedings of the 29th AGM involved discussion of the resolutions proposed, presentation of the Company's business operations and financial performance and a Questions & Answers session during which the Chairman addressed questions and clarifications pertaining to the Company's financial statements, operations and other matters raised by the shareholders. The Chairman also responded to the questions received prior to the AGM from the Minority Shareholders Watch Group, whose representative attended the 29th AGM.

The Company Secretary, Senior Management, External Auditors and Independent Scrutineer were also in attendance at the 29th AGM.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
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<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	The Board considers the convenience of shareholders when selecting a suitable and appropriate venue to hold its annual general meeting and other general meetings ("**General Meetings**"). Adequate notice of the General Meetings is given to all shareholders and shareholders who are unable to make the journey and attend the General Meetings may submit proxy forms to the Company to enable their proxy to attend, participate, speak and to vote on their behalf at the General Meetings. Shareholders can also submit any questions or queries prior to the General Meetings. In line with Paragraph 8.29A of the MMLR, the Company had conducted voting on all resolutions proposed at the 29th AGM via poll voting under the scrutiny of an independent scrutineer to validate the votes cast in the meeting.	
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
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4
The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<table>
<tr><td colspan="3">Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</td></tr>
<tr><td>Application :</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice :</td><td colspan="2">The Company's General Meetings act as an important platform between the Company and its shareholders. All the shareholders are given equal opportunity to raise questions including but not limited to the Company's financial and non-financial performance. At the 29th AGM, the Chairman responded to the questions that were raised by shareholders in the meeting as well as questions received from the Minority Shareholders Watch Group before the AGM in relation to operational, financial and sustainability matters which was presented in a slideshow.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="3">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td colspan="2"></td></tr>
<tr><td>Timeframe :</td><td></td><td></td></tr>
</table>

Intended Outcome

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

Practice 13.5

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

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.		
Application :	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice :		
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

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

Practice 13.6

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

<table>
<tr><td colspan="4">Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</td></tr>
<tr><td>Application</td><td>:</td><td colspan="2">Applied</td></tr>
<tr><td>Explanation on application of the practice</td><td>:</td><td colspan="2">The minutes of the 29th AGM incorporating the deliberations of resolutions, questions and answers session as well as results of the voting have been made available on the Company's website at www.pasdec.com.my within 30 business days after the AGM.</td></tr>
<tr><td rowspan="2">Explanation for departure</td><td rowspan="2">:</td><td colspan="2"></td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="4">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure</td><td>:</td><td colspan="2"></td></tr>
<tr><td>Timeframe</td><td>:</td><td></td><td></td></tr>
</table>

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

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

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