

BOARD AUDIT COMMITTEE REPORT

The Committee assessed the integrity and accuracy of the Company's financial and key non-financial reporting, including aspects of internal control, related party transactions, and potential conflicts of interest. This review also encompassed related announcements, with a focus on ensuring adherence to the highest standards of transparency and reliability.

Yeoh Siew Ming
Chairperson



Roles

Composition

Terms of Reference

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<https://www.petronas.com/pcg/about-us/governance>

Chairperson

Yeoh Siew Ming

Senior Independent Non-Executive Director

8/8

100%

Members

Dr. Zafar Abdulmajid Momin

Independent Non-Executive Director

8/8

100%

Datin Seri Sunita Mei-Lin Rajakumar

Independent Non-Executive Director

8/8

100%

HOW THE COMMITTEE OPERATES

During the review period, the Board Audit Committee (BAC) convened eight meetings, with the Company Secretary serving as the BAC secretary. To ensure comprehensive discussions, the BAC invited the MD/CEO, Chief Financial Officer, and Head of the Internal Audit Division (IAD) to provide insights, guidance, and clarification on agenda items when necessary. Additionally, the BAC also invited Warren William Wilder, an INED who is a non-member of BAC, to facilitate the discussion on Group's impairment, due to his in-depth background and wealth of experience in the subject matter.

The Head of IAD presented detailed internal audit reports and updates on audit activities to the BAC, with key members of Management invited to address specific issues arising from audit findings. External auditors actively participated in these meetings, presenting the annual external audit plan and the results of the statutory audit conducted on the Company and its subsidiaries. To ensure independence and transparency, the BAC held two private sessions with the external auditors, on 14 February 2024 and 12 August 2024, without the presence of Management.

To facilitate effective discussions, the BAC ensured that agenda items and meeting papers, containing both qualitative and quantitative information relevant to meeting objectives, were disseminated through a secure collaborative platform at least five business days before each meeting. This platform allowed BAC members to review documents, engage in pre-meeting discussions, and ensure informed deliberations.

The BAC's deliberations covered a range of critical matters, including the Company's financial performance review, interim financial reporting to Bursa Malaysia, year-end statutory audits, assessments of Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs), as well as the status on open audit findings and agreed corrective actions. Minutes of each BAC meeting were confirmed during subsequent sessions and presented to the Board for notation.

Beyond reporting key deliberations to the Board, the BAC recommended the annual financial statements, the annual assessment of external auditors, RPTs, RRPTs, and revisions to governance processes in alignment with the Malaysian Code on Corporate Governance (MCCG) for the Board's approval. The BAC also provided recommendations for the quarterly financial results, ensuring alignment with the Company's governance framework and strategic objectives.

CONTINUOUS TRAINING

The members of the BAC recognise the importance of ongoing education and training to remain well-informed and effective in their roles. During the year under review, each BAC member actively participated in at least one training session focused on developments in accounting and auditing standards, practices, and regulations including the training in relation to the new Global Internal Audit Standards (GIAS). These efforts align with the principles set out in Practice 9.5 of the MCCG, ensuring that the Committee stays abreast of evolving industry standards and governance requirements.

BOARD AUDIT COMMITTEE REPORT

BAC'S ACTIVITIES IN 2024

1. FINANCIAL REPORTING

- a. Reviewed the quarterly results for announcements to Bursa Malaysia before recommending the same for the Board's approval, upon being satisfied that it had complied with Malaysian Financial Reporting Standards (MFRS) issued by the Malaysian Accounting Standards Board (MASB), MMLR and other relevant regulatory requirements.
- b. Reviewed the Group and the Company's annual and quarterly management accounts.
- c. Reviewed the audited financial statements of the Group and the Company prior to submission to the Board for the Board's consideration and approval, upon the BAC being satisfied that, inter alia, the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 (CA 2016) and the MFRS issued by the MASB.
- d. Reviewed specific key areas affecting the Group and the Company's financial results, and endorsed recommendations made by the Management. The key areas deliberated included assessments on the following areas:

1 Impairment indicators of non-current assets (i.e., property, plant and equipment and intangible asset) and relevant detailed impairment testing.

- i. The review of internal and external factors that may give rise to impairment indication
- ii. Should indication exists, the review and deliberation of the impairment assessments including key assumptions used, controls put in place by Management such as Segregation of Duties, consultation with the Subject Matter Experts and proper sign-off in deriving the recoverable amount. For FY2024, this includes the review of the Management's impairment assessment on:

- Pengerang Petrochemical Company's property, plant and equipment
- Perstorp Group's goodwill and intangible assets with indefinite useful life
- BRB Group's goodwill
- PETRONAS Chemicals Aromatics Sdn. Bhd.'s property, plant and equipment
- PETRONAS Chemicals MTBE Sdn. Bhd.'s property, plant and equipment
- PETRONAS Chemicals Isononanol Sdn. Bhd.

2 Carrying values of inventories and any write-off thereon.

3 The review of Audit Planning Memorandum for Financial Year 2024.

4 Updates on revised MFRS pronouncements issued in 2024.

5 Revision of PCG Group Limits of Authority.

6 Loan covenant at Pengerang Petrochemical Company Sdn. Bhd.

7 Updates on e-invoice implementation.

8 Partial divestment of PCG PCC Oxyalkylates Sdn. Bhd. to MBI Modal Sdn. Bhd.

9 Acquisition of interest in Shandong Fufeng Perstorp Chemical Co. Ltd. by Perstorp AB.

- e. The BAC had reviewed and deliberated the above key areas and was satisfied with the various actions taken by the Management in addressing the issues raised by the external auditors. The BAC noted that Management also held frequent engagements with the external auditors to understand whether any significant control deficiencies are being identified during the course of audit.

BOARD AUDIT COMMITTEE REPORT

BAC'S ACTIVITIES IN 2024 (CONTINUED)

2. INTERNAL CONTROL

- a. Reviewed the effectiveness of the system of internal controls, taking into account the findings from internal and external audit reports.
- b. Reviewed PCG Group Limits of Authority and Summary of Authority for Legal and Corporate Secretarial Services to include new areas of decision making as well as changes of authority level to align with current business requirement and governing documents.
- c. Established line of sight on key decision making for specialty chemicals subsidiaries to ensure alignment to PCG group strategic objectives.

3. CORPORATE GOVERNANCE

- a. Reviewed the Corporate Governance Overview Statement and BAC Report for inclusion in the 2023 Integrated Report.

4. INTERNAL AUDIT

- a. Reviewed and approved the changes of Annual Audit Plan FY2024 on quarterly basis to ensure the proposed audit activities are carried out as per emerging and relevant risks as well as business strategies.
- b. Review and approved the risk-based Annual Audit Plan FY2025
- c. Reviewed and deliberated on audit reports which included opinion on the adequacy and effectiveness of PCG's governance, risk management and internal controls, audit findings' root causes, implications, and the recommended corrective actions to be undertaken by the Management. The BAC also provided suggestions for improvement to reinforce the oversight role and to ensure that Management holds individuals accountable for their internal control, risk management and governance responsibilities.
- d. Monitored the implementation of the agreed corrective actions on audit issues taken by Management until duly resolved on a quarterly basis. The BAC also deliberated on the justifications given by Management for extension of rectification timeline and approved such request based on justifications.
- e. Reviewed the performance of IAD for FY2024 with regards to its independence, objectivity, and effectiveness in providing assurance on PCG's governance, risk management and internal controls and approved the Key Performance Indicators of IAD for FY2024.
- f. Reviewed IAD's Quality Assurance and Improvement Programme activities.
- g. The Chairperson of the BAC held private meetings and discussions at least once every quarter with the Head and senior auditors of IAD on internal audit reports, selected audits' scopes, resource adequacy and capabilities, and any related matters.

5. RPT AND CONFLICT OF INTEREST

- a. Reviewed all RPTs/RRPTs prior to execution, in accordance with the PCG Guidelines and Procedures on RPTs/RRPTs and Conflict of Interest (COI) Situations, and affirmed that the transactions are carried out in the best interest of the Company, fair, reasonable and are not detrimental to the interest of the minority shareholders.
- b. Reviewed and deliberated on the RPTs/RRPTs reports on a quarterly basis.
- c. Reviewed and deliberated performance of RPTs/RRPTs vendors for 2023.
- d. Reviewed the annual declaration on COIs of the Directors and Key Senior Management.
- e. Reviewed COI for appointment/re-appointment of Directors for input to be considered by the NRC.

6. EXTERNAL AUDIT

- a. Reviewed with the external auditors, audit strategies and scope for the statutory audit of the Group and Company's financial statements for the financial year ended 31 December 2024.
- b. Reviewed with the external auditors the results of the statutory audit and the audit report.
- c. Reviewed the proposed fees for the statutory audits.
- d. Reviewed the fees of total non-audit work carried out by the external auditors with the main objective of ensuring there is no impairment to independence and objectivity. In relation to this, the BAC noted the assurance provided by the external auditors confirming their independence throughout the year under review.
- e. During the year under review, PCG engaged the external auditors for certain non-audit services. Total fees paid to the external auditors are detailed out in the next page.

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	2024		2023	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
KPMG PLT				
Audit Fees				
Statutory Audit	1,996	615	1,758	493
Non-audit Fees				
Half-yearly Limited Review	207	207	201	201
Review of the Quarterly Consolidated Results Report for announcement to Bursa Malaysia	34	34	33	33
Review of Statement on Risk Management and Internal Control	29	29	27	27
Professional services for Anti-Money Laundering/Counter-Financing of Terrorism by PETRONAS Chemicals Marketing (Labuan) Ltd.	4	-	-	-
Audit of non-financial information for Integrated Report	-	-	130	130
Verification of Investment Tax Allowance of PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd.	-	-	20	-
Subtotal Non-audit Fees	274	270	411	391
Overseas affiliate of KPMG PLT				
Audit Fees				
Statutory Audit	409	-	385	-
Non-audit Fees				
Sustainability Reporting for Perstorp Group	468	-	-	-
Tax services for BRB Group	51	-	49	-
Tax services for Perstorp Group	-	-	6	-
Subtotal Non-audit Fees	519	-	55	-
Other Auditors				
Audit Fees				
Statutory Audit	8,407	-	7,451	29
Non-audit Fees				
Tax services for overseas subsidiaries	6,527	-	6,395	-
Accounting services	4,049	-	1,019	-
Review of Transfer Pricing documentation	2,781	23	2,701	11
Goodwill impairment assessment for Perstorp Group	386	-	523	-
Half-yearly Limited Review	284	-	354	7
Audit of non-financial information for Integrated Report	200	200	-	-
Review on acquisition of Perstorp Group	-	-	1,374	-
Purchase Price Allocation Assessment for Perstorp Group	-	-	1,305	-
Due diligence and cost verification services	-	-	1,192	-
Impairment assessment at Pengerang Petrochemical Company Sdn. Bhd.	-	-	25	25
Subtotal Non-audit Fees	14,227	223	14,888	43
Total Statutory Audit Fees	10,812	615	9,594	522
Total Non-audit Fees	15,020	493	15,354	434
% of Non-audit Fees over Statutory Audit Fees	>100%	80%	>100%	83%
% of Non-audit Fees over Statutory Audit Fees by KPMG PLT	14%	44%	23%	79%

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EXTERNAL AUDIT

To ensure the independence of external auditors, the Company implements a rotational policy requiring the change in the Audit Engagement Partner overseeing the audit every seven years. This policy includes a mandatory five consecutive years cooling-off period before the partner can be re-appointed, in accordance with the requirements set out by the Malaysian Institute of Accountants (MIA).

In addition to this, the external auditors are subject to an Independent Partner Review to further uphold their autonomy. A written assurance was given to the BAC, affirming their adherence with all relevant professional and regulatory standards, thus maintaining independence throughout the audit engagement.

In line with the BAC commitment to thorough oversight, an evaluation of the external auditors' performance, suitability, and independence was conducted, focusing on four critical areas:

- Quality of engagement team and services
- Adequacy of resources
- Quality of communication and interaction
- Independence, objectivity and professional scepticism

Annual Reporting

The BAC conducted a thorough review of its report for the financial year ended 31 December 2024, in compliance with all relevant regulatory requirements and guidelines.

Internal Audit Function

The BAC is supported by an in-house IAD, which provides independent and objective assurance and advisory services to enhance the Group's operations. The IAD contributes to the Group's objectives by systematically and rigorously evaluating, designing, and improving the effectiveness of governance, risk management, and internal control processes.

To ensure impartiality and independence, the IAD reports functionally to the BAC and administratively to the MD/CEO. This reporting structure is central to its effectiveness, as defined in the BAC approved Internal Audit Charter. Leading the IAD is Dewi Izza Suhana Radin Amir, a Fellow Chartered Accountant of the Institute of Chartered Accountants in England and Wales (ICAEW). She brings a wealth of expertise to the role, underpinned by her Bachelor of Arts in Accounting, Financial Management, and Economics from the University of Sheffield, United Kingdom.

The IAD operates within the framework of the Internal Audit Charter, that defines its responsibilities, authority, and scope of work within the Group. Aligned with the standards of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the Charter ensures that the IAD operates with rigor and adherence to global best practices. The BAC notes the revision of the Institute of Internal Auditors (IIA) GIAS, which comes into effect January 9, 2025. These revised standards aim to help organisations adapt to a changing risk landscape and improve their internal audit functions.

The IAD's audit processes are conducted according to established procedures, guidelines, and the Committee of Sponsoring Organizations of The Treadway Commission (COSO) Internal Control Integrated Framework. It employs a structured approach grounded in the following five components of COSO:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring Activities

To uphold independence and objectivity, internal auditors declare annually that they are free from any relationships or conflicts of interest that could compromise their impartiality. Should a potential conflict arise after the annual declaration, internal auditors must promptly notify the Head of IAD and recuse themselves from any audit activities related to the identified conflict.

The IAD employs a risk-based approach to internal auditing, ensuring the Annual Audit Plan focuses on the Group's principal risks and critical areas aligned with its strategic objectives. The plan is developed using input from a variety of sources, including business strategies and objectives, the materiality and criticality of operations, the maturity of internal controls in auditable areas, and feedback from stakeholders. These stakeholders include the BAC, Senior Management, selected directors of PCG operating units (OPUs), joint venture (JV) companies and partners, external auditors, and the internal audit fraternity.

BOARD AUDIT COMMITTEE REPORT

To ensure agility and relevance, the IAD continuously assesses emerging risks and identifies areas requiring audit attention. Any proposed changes to the Annual Audit Plan are submitted to the BAC for approval, ensuring alignment with the Group's evolving priorities. During the review year, the IAD executed audit engagements as outlined in the approved Annual Audit Plan and presented its findings and recommendations to the BAC. The list of audit engagements conducted during the year is as follows:

- 1 Audit on PETRONAS Chemicals Marketing (Labuan) Ltd. (PCML): Inventory Management
- 2 Audit on Sustainability: Social Impact Activities – Education, Environment and Community Well-Being & Development
- 3 Audit on Perstorp Holdings
- 4 Shareholder's Audit on LG PETRONAS Chemicals Malaysia Sdn. Bhd. (LGPC)
- 5 Shareholder's Audit on PRefChem
- 6 Audit on Da Vinci Group B.V. (DVG)
- 7 Audit on Cybersecurity – International Assets (Perstorp & DVG)
- 8 Audit on Integrity Management
- 9 Shareholder's Audit on Production and Maintenance of Acrylic Acid Plant at BASF PETRONAS Sdn. Bhd. (BPC)
- 10 Audit on PT PCM Kimia Indonesia (PCMKI)
- 11 Audit on PETRONAS Chemicals LDPE Sdn. Bhd. and PETRONAS Chemicals Ammonia Sdn. Bhd. (PCLA)
- 12 Audit on Project Directorate Department and Project Management at PCG
- 13 Audit on Venture Management Department (VM)
- 14 Review on PCML Activities
- 15 Review on Claims for PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd. (PCFSSB)

The IAD has embraced a data analytics-driven approach to auditing, leveraging advanced tools to enable auditors to execute systematic sampling strategies and perform audits across the Group's ecosystem and work processes. This approach focuses on key risk areas, enhancing both coverage and efficiency. Additionally, the IAD has integrated emerging technologies, such as Robotic Process Automation (RPA), as part of its audit approach, promoting increased efficiency and enabling systemic audit testing.

Audit reports presented to the BAC provided comprehensive opinions on the adequacy and effectiveness of the Group's governance, risk management, and internal control. These reports also highlighted the root causes of audit findings, their implications, and proposed corrective actions for Management's consideration. Management took responsibility for implementing and ensuring the closure of agreed corrective actions within specified time frames. The status of these actions was monitored on a monthly basis until resolution, with IAD verification conducted prior to quarterly reporting to the BAC.

The Quality Assurance and Improvement Programme (QAIP) remained a cornerstone of the IAD's assessment, continuously evaluating the quality of audit processes. This programme incorporated both ongoing and periodic evaluations across all Internal Audit activities, focusing on efficiency, effectiveness, and identifying opportunities for improvement. The results and updates of QAIP are regularly reported to the BAC.

The IAD is well-resourced to execute its Approved Audit Plan, comprising a team of 18 internal auditors with diverse expertise in accounting, finance, plant operations, procurement, risk management, and commercial activities.

ICAEW/ACCA/MICPA: 4	Master's Degree: 3
Certified Internal Auditor: 2	COSO Certificate: 14
Certified Fraud Examiner: 1	ISC2: 6
ESG Certificate: 1	ABMS Certification: 1
Engineer's Certificate of Competency (Steam) DOSH: 2	Certified Environmental Professional in the Operation of Industrial Effluent Treatment System, DOE: 1

Note:

- Institute of Chartered Accountants in England and Wales (ICAEW)
- Association of Chartered Certified Accountants (ACCA)
- Malaysian Institute of Certified Public Accountants (MICPA)
- Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- International Information System Security Certification Consortium (ISC2)
- ESG Certificate: Internal Auditing for Sustainable Organizations by Institute of Internal Auditors
- Anti-Bribery Management Systems (ABMS) Internal Assessor Certification by Standards and Industrial Research Institute of Malaysia (SIRIM)
- Department of Occupational Safety and Health Malaysia – Ministry of Human Resource (DOSH)
- Department of Environment – Ministry of Environment and Water (DOE)

BOARD AUDIT COMMITTEE REPORT

During the reviewed year, the IAD collaborated extensively with business line resources and subject matter experts from across the PETRONAS Group. These experts brought specialised knowledge in areas such as project delivery, cybersecurity, enterprise risk management, and health, safety, and environment (HSE). The IAD also worked closely with JV partners, actively participating in shareholders' audits for these respective entities, ensuring comprehensive oversight and alignment with governance standards.

The Group demonstrated its commitment to empowering internal auditors through continuous training focused on enhancing business acumen and auditing skills and aligning with industry best practices. These training initiatives, delivered by a combination of in-house experts and external accredited providers, often included professional certification opportunities. On-the-job learning remained a vital component, offering internal auditors practical platforms to develop and refine their capabilities and competencies.

To ensure a systematic approach to professional growth, an annual individual competency assessment was conducted for all internal auditors. This process identified specific learning and development needs and was fully integrated into PETRONAS' capability development programme for internal auditors. The assessment aligned with the core competencies outlined in the Internal Audit Competency Framework issued by the Institute of Internal Auditors.

In the financial year 2024, the total expenditure incurred by the Group's internal audit function amounted to RM8.7 million.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST SITUATIONS

During the year under review, the BAC conducted a comprehensive review of all RPTs, RRPTs, and instances of COI in accordance with PCG Guideline and Procedures on RPTs and COI situations. This framework outlines the principles and procedures governing such activities across the PCG Group, ensuring strict compliance with the MMLR and other relevant legal and regulatory obligations.

The BAC is satisfied that the Guideline provides a robust framework for identifying, monitoring, and tracking all RPTs and RRPTs in an organised and timely manner. This ensures that transactions are conducted in the best interests of the Group, upholding principles of fairness, reasonableness, and adherence to normal commercial terms, while protecting the interests of minority shareholders. In keeping with its oversight role, the BAC has periodically reviewed RPTs across the Group and remains committed to revisiting procedures and processes as recommended by Management to address evolving needs.

The BAC's TOR requires the Committee to review and address any RPTs and COI situations including perceived, potential and actual COIs that may arise within the Group and the Company. This includes examining any transactions, procedures, or courses of conduct that could raise questions about Management's integrity and the measures proposed to resolve, eliminate, or mitigate such conflicts. The scope of the review encompasses conflicts involving Directors and key management personnel across the Group.

The BAC's TOR can be accessed on the Company's corporate website: <https://www.petronas.com/pcg/about-us/governance>.

Review of Conflict of Interest

The following sets out parameters for situations that may lead to a COI, based on the Guidelines and Procedures of RPTs and COI situations:

- 1 If the Director holds an interest in a business that competes or is likely to compete, either directly or indirectly, with the business of PCG Group;
- 2 In cases where there is no competing interest in the business, but the Director receives commission or fees due to providing consultancy or advisory services to the transacting party having business with PCG Group;
- 3 When the Director is involved in or has an interest in business transactions concerning goods or services, either directly or indirectly, with PCG Group;
- 4 If the Director provides or receives financial assistance from PCG Group.

During the year, the BAC conducted a thorough review and assessment of a potential COI situation associated with the proposed appointment of a new Non-Independent Non-Executive Director (NINED) to the Board and agreed on the recommended measures to mitigate any potential COI that may arise in view of his current role and directorships within PETRONAS Group.

The BAC reviewed the annual declaration of interest of the Board of Directors and Key Senior Management to assess the actual or potential COI situation that may arise within the Group and the Company in February 2025.

There were no COI or potential COI reported during the year in relation to the personal direct/indirect interest of any competing business with the Group and the Company save for disclosure made on page 81.

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The BAC agreed on the proposed mitigation measures and that the transactions were deemed to have occurred within the normal course of business of the Group and the Company.

These reviews align with the enhancements to the MMLR regarding COI, Section 221 of the CA 2016, as well as the Company's Guideline and Procedures on RPTs and COI situations, reinforcing the Group's commitment to governance, transparency, and fairness in managing COI.

Related Party Transactions

As part of the integrated oil and gas value chain of the PETRONAS Group, PCG conducts transactions essential to its operations, including the supply of raw materials. Given the integrated nature of PCG's business within the PETRONAS Group, the Company has secured a waiver from the requirements of Paragraph 10.09 of the MMLR. This waiver enhances operational efficiency by exempting PCG from the need to obtain shareholder approval for transactions involving certain goods, services, and facilities that are integral to the PETRONAS Group's integrated operations.

Transacting Parties	Nature of transactions	For Year Ended 31 December 2024 RM'000
PCG and PETRONAS & its subsidiaries (PETRONAS Group)	INTEGRATED OPERATIONS OF OUR GROUP	
	i. Supply of fuel and feedstock (such as ethane, propane, butane, dry gas, naphtha, natural gas) by PETRONAS Group	8,513,580
	ii. Supply of utilities, electricity and water by PETRONAS Group	287,299
	iii. Upgrading and pipeline works on the Labuan Gas Terminal by PETRONAS Chemicals Methanol Sdn. Bhd.	Nil
	iv. Grant to PETRONAS Group for the right of usage of facilities and passage of commodities to facilitate the receipt and distribution of petrochemicals and related products	13,479
	v. Provision of operating and maintenance services by PETRONAS Group	10,574
	vi. Purchase of marine diesel oil from PETRONAS Group	5,757
	SERVICES RENDERED WITHIN THE PETRONAS GROUP	
	vii. Provision of vessel screening services by PETRONAS Maritime Services Sdn. Bhd.	1,040
	viii. Provision of freight, transportation and warehousing services by MISC Berhad and its subsidiaries (MISC Group)	Nil
	OTHERS	
	ix. Sales of petrochemical products and other related products to PETRONAS Group	1,462,688
x. Supply of products from Pengerang Refining Company Sdn. Bhd. (PRC) to PCG	1,543,086	
xi. Supply of products by PCG to PRC	Nil	
xii. Terminal Usage Agreements between PCG Group with Pengerang Terminals (Two) Sdn. Bhd.	Nil	

The BAC is confident that, during the review year, all RPTs/RRPTs were fairly concluded at prevailing market rates/prices, conducted at arm's length, and adhered to normal commercial terms, applicable industry norms, without detriment to the Group and the Company and its minority shareholders. Quarterly reporting to the BAC ensured ongoing oversight of these transactions.

BAC EFFECTIVENESS REVIEW AND PERFORMANCE

The Board concurred that the BAC provides a comprehensive oversight in reviewing financial and audit matters, as reflected in the annual Board Effectiveness Evaluation result during the year. This oversight contributed to the overall effectiveness of the decision-making process by the Board for the Group and the Company. The Board is satisfied that the BAC has discharged its functions, duties and responsibilities in accordance with the BAC TOR. Full details of the evaluation and the outcomes can be found on page 97.

REPORTING TO THE EXCHANGE

For the year under review, the BAC is of the view that the Company is in compliance with the MMLR and as such, the reporting to Bursa Malaysia under Paragraph 15.16 of the MMLR is not required.

YEOH SIEW MING

Chairperson, Board Audit Committee