

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4936
COMPANY NAME : Malpac Holdings Berhad
FINANCIAL YEAR : June 30, 2019

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	:	<p>The Board takes full responsibility for the performance of the Group. The principal function of the Board is to protect and enhance long-term value and returns for its shareholders. Besides carrying out its statutory responsibilities, the Board's roles are to:</p> <ul style="list-style-type: none"> • oversee the business affairs of the Group, monitor and review management performance; • approve corporate and strategic direction and policies with considerations for sustainability issues; • approve annual budgets, financial reporting, major funding and investment proposals; • ensure the Company's compliance with prescribed legislations and regulations that are relevant to the business; • establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interest and Company's assets; <p>In discharging its fiduciary duties, the Board has delegated certain responsibilities to five Board Committees namely Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Investment Committee. All the Board Committees are governed by the respective terms of reference ("TOR") and are empowered to act on behalf of the Board within the authorities as lay out in the TOR and report to the Board with the necessary recommendations.</p> <p>The composition, duties and roles of the management, Board members and Board Committees are clearly set out in the Company's Board Charter to promote high standards of corporate governance. The Board Charter is the structured guides for the Board, especially the new Directors and shall not be taken to be exhaustive blueprints. The Board Charter is available and updated periodically on the Company's website at http://www.malpac.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has appointed Encik Muhayuddin Bin Musa, an Independent Non-Executive Director as the Chairman.</p> <p>The Chairman is primarily responsible to ensure effectiveness of the Board with the following tasks:</p> <ul style="list-style-type: none"> i) Provides leadership to ensure the smooth functioning of the Board; ii) Ensures positive culture and good corporate governance practices are inculcated in the Board, Group and Company; iii) Establishes the Board agenda and ensuring timely and necessary information is provided to the Board members; iv) Leading the Board meetings to ensure appropriate discussion takes place; and v) Liaises with the CEO and regularly reviews with the CEO on progress on important initiatives and significant issues facing by the Company and the Group.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The position of Chairman and CEO are held by two non-related individuals, namely Encik Muhayuddin Bin Musa and Mr Ang Poo Guan.</p> <p>The Chairman's main responsibility is to lead and manage the Board in order to ensure its effectiveness whereas the CEO is responsible for leading the management team, implementation of the decision approved by the Board.</p> <p>The Board Charter of the Company had set out clear role and responsibility of the Chairman and CEO.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries are Yap Sit Lee, Wong Wai Foong and Ng Bee Lian. They are all qualified to act as company secretary under Section 235 of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretaries are as follows:-</p> <ul style="list-style-type: none"> i) Plays an advisory role on corporate disclosure, ensures Board procedures, applicable governance practices, company laws, securities regulations and listing requirements are complied with, and assists the Board in applying the MCG Practices to meet the Board needs; ii) Provides effective support to the Board and Board Committees to facilitate their discussion and proceedings of the Board and Board Committees meetings and deliberations are well documented in minutes; iii) Ensures proper processes and proceedings are in place in general meeting and annual general meeting; iv) Facilitates the re-election and re-appointment of Directors by ensuring that the necessary information are properly compiled to east the Nomination Committee and Board's review; and v) Facilitate shareholders' communication and engagement on corporate governance issues.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The meeting papers are furnished to the Board members at least five (5) working days prior to dates of meetings to ensure that the Directors have sufficient time and information to make an informed decision at each meeting. The Company however allows exceptional cases whereby the meeting materials are furnished to Board members of less than five (5) working days on urgent and or extraordinary matter(s), of which there is insufficient time in collating relevant information and details.</p> <p>Upon conclusion of the meeting, the minutes are prepared and reviewed by the Chairman in a timely manner before circulation to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has formalised a Board Charter which clearly set out the composition, roles and responsibilities of the Board and Board Committees. The Board Charter serves as a primary reference for Board members of their fiduciary duties as Directors and the functions of the Board Committees.</p> <p>The details of the Board Charter are available for reference on the Company's website at www.malpac.com.my</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The 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	:	<p>The Board established a Code of Conduct and Ethics for the Company. All directors, senior management, managers and employees must behave and adhere to the guidelines which include integrity of financial statements and regulatory filing, avoiding conflicts of interest, avoiding insider trading, theft and fraud, anti-bribery and anti-corruption and so on.</p> <p>The Code of Conduct and Ethics is available at Company's website, www.maplac.com.my</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has adopted a Whistleblowing Policy which provides the reporting channel for all levels of the Group to disclose any improper conduct within the Group.</p> <p>The Whistleblowing Policy which is contained in the Code of Conduct & Ethics can be viewed on the Company's website at www.malpac.com.my</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The existing Board consists of seven (7) directors whereby two (2) or 28.6% are Independent Directors, two (2) or 28.6% are Non-Executive Non-Independent directors and three (3) Executive Directors. Consequently, the constitution of the Independent Directors of the Company is less than half and does not comply with the Practice 4.1.	
		The Board and Nomination Committee are aware of such departure and are diligently identifying the right candidates base on the criteria as set out by Nomination Committee to comply with the requirements.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	<p>The Company's shareholders had at the AGM in 2018 passed the resolutions to allow Encik Muhayuddin Bin Musa and Encik Johari Low Bin Abdullah who have both served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company.</p> <p>If the Board continues to retain an Independent Director after the twelfth year, Board should provide justification and seek annual shareholders' approval through a two-tier voting process. The Company sought shareholders' approval via two-tier voting process at the AGM held on 28 November 2018 to retain Encik Muhayuddin bin Musa who has served beyond the twelfth years.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to 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 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Nomination Committee is responsible to lead the process for the nomination of new Board and senior management appointments and make the necessary recommendations.</p> <p>In making its recommendations to the Board, the Nomination Committee considers and assesses the suitability of a new appointment based on objective criteria, which include their qualification, age, gender, competencies, skills, expertise, experience, cultural and background.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	At present, there is no female director on the Board of the Company.	
		The Board agrees to give equal priority to female candidates who are competent, possess leadership qualities and suitable qualification with special knowledge who meet the Group's needs to be considered for such appointment in the future. The Board has yet to identify suitable female candidate(s).	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	Appointment of new Directors are undertaken by the Board as a whole after considering the recommendations of the Nomination Committee, however there is no restriction imposed on the Board to identify suitably qualified candidates from independent sources.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is chaired by Encik Johari Low Bin Abdullah, a Senior Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The annual evaluation is conducted by Nomination Committee on the effectiveness of the Board as a whole, Board Committees, contribution of each individual Director and independence of Independent Directors as well as the CEO of the Company. In FYE 2019, the annual evaluation is assisted with the Director assessment form. The effective communication and interaction between the Directors will then be used to determine the performance of the respective Board Committee and the Board as a whole. Insofar, the Nomination Committee is satisfied with the performance of the Board and individual Directors.</p> <p>The Chairman of the Nomination Committee briefed the Board on the results of the assessment at the Board meeting held on 30 May 2019.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Remuneration Committee is responsible and has put in place policies and procedures, which takes into account the performance of the Company in determining the remuneration of the Directors and Senior Management.</p> <p>The Directors' fee and benefits are recommended for shareholders' approval after reviewed by the Remuneration Committee and Board of Directors. The above said policies and procedures are available in the Remuneration Committee's Terms of Reference at Company's website www.malpac.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.2

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 establish a Remuneration Committee comprises exclusively of Non-Executive Directors with majority of Independent Directors which is responsible to evaluate the remuneration package of members of the Board and Senior Management guided by the policies and procedures on remuneration of Directors and Senior Management and recommend the same for the Board's approval. The Remuneration Committee's Terms of Reference is available on Company's website www.malpac.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The detailed remuneration of each director on named basis is disclosed in page 15 of the Annual Report inclusive of the breakdown of salary, fees, benefits-in-kind and other emoluments.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.2

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	:	The Company adopts low overheads, cross functional strategy as well as flat organizational structure, which is led by the Chief Executive Officer ("CEO"). Under the current corporate structure and strategy, the CEO is the principal officer of the Group with day-to day operations being supported by a cross functional team and the outsourced managers and/or consultants, based upon the specific requirements of the jobs or projects invested in or assessed.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Encik Johari Low Bin Johari, whilst Encik Muhayuddin Bin Musa is the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The policy has been stated in the Terms and Reference of the Audit Committee which was published on the Company's website at www.malpac.com.my</p> <p>At present, none of the members of the Audit Committee are former key audit partners of the Company's external auditors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee conducts annual assessment on the suitability, objectivity and independence of the external auditors and makes subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditors.</p> <p>The policies and procedures to assess the suitability, objectivity and independence of external auditor are stated in the Terms of Reference of the Audit Committee.</p> <p>In the FYE 2019, the Audit Committee recommended to maintain PKF Malaysia as the external auditor for the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee members possess a wide range of skills to discharge their duties and their profiles are set out in page 7 and 8 of the Annual Report. The Chairman of the Audit Committee, Encik Johari Low Bin Abdullah is the fellow member of the Institute of Chartered Accountant (England & Wales), Malaysian Institute of Certified Public Accountants and Malaysia Institute of Accountants.</p> <p>During the financial year ended 30 June 2019, the Audit Committee members attended the following relevant professional programmes to further enrich themselves with the relevant know-how to discharge their respective duties:</p> <ul style="list-style-type: none"> • Encik Johari Low Bin Abdullah: PLC Director's Training - Latest Listing Requirements & Companies Act 2016 & AML/CFT Training • Encik Muhayuddin Bin Musa: Introduction to ISO/IEC 27001:2013 Information Security Management System, PLC Director's Training - Latest Listing Requirements & Companies Act 2016, Cyber Security in The Boardroom - Accelerating from Acceptance to Action • Mr. Gan Teck Chong @ Gan Kwan Chong: PLC Director's Training - Latest Listing Requirements & Companies Act 2016, AMLATFPUAA 2001: Managing Challenges in Risk Based Approach and Politically Exposed Person
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and thereafter to implement and monitor appropriate internal controls to manage and mitigate those risks by the establishment of the Risk Management Committee. Risk Management Committee delegates the risk assessment to the Risk Management Team, of which comprises of the CEO and the Executive Directors. The Risk Management Team assesses risks of each transaction based on the possible occurrence and severity of each exposures. The team subsequently recommend and review the respective mitigation measures and/or required insurance/diversification strategy on annual basis. The Company's risk management framework can be found on page 19 of the Company's Annual Report 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>A Statement on the Risk Management and Internal Control of the Group is disclosed in the Company's Annual Report.</p> <p>For the financial year ended 30 June 2019, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control. No major weaknesses or uncertainties, which could result in material losses, were identified or would require separate disclosure.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - 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	:	Applied
Explanation on application of the practice	:	The Risk Management Committee comprises a majority of Independent Directors to oversee the Company's risk management framework and policies.

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company's internal audit function is carried out by an outsourced independent firm, namely IA Essential Sdn Bhd (IAE) which report directly to the Audit Committee.</p> <p>The internal auditors would evaluate the effectiveness of risk management and internal control, advise the Audit Committee on areas of weaknesses and deficiencies in internal processes and suggest the appropriate actions to be adopted.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Internal Audit Function is carried out by IA Essential Sdn. Bhd. (“IA Essential”) an internal audit consulting firm. Save for the internal audit service, there is no other engagement between the Group and IA Essential which may create conflict of interest or impair their objectivity and independence.</p> <p>The internal audit function is headed by an audit team leader who is assisted by an audit executive. The team leader in charge and the executive are accounting graduates from local universities.</p> <p>The Internal Auditors have conducted their work in consideration of the broad principles of the International Professional Practice Framework of Institute of Internal Auditors covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Information is made available to the shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Securities and the Company's website at www.malpac.com.my.</p> <p>The Annual General Meeting provides the principal platform for dialogue and interactions with the shareholders. At other times, shareholders are encouraged to contact or liaise with the CEO or any of the Directors if they have any issues.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not under the category of Large Companies as defined in the MCCG.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The 28 th AGM of the Company was held on 28 November 2018. The Notice of the 28 th AGM was published on New Straits Times and served to shareholders on 29 October 2018 which was more than 28 days prior to the date of the 28 th AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All the Directors attended the Company's 28 th AGM held on 28 November 2018 to engage directly with the shareholders. The Management and External Auditors were also in attendance at the aforesaid meeting to response to questions addressed to them.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable to the Company in view that the Company does not have a large number of shareholders. Further, all general meetings are held in venue(s) which is accessible to all shareholders.	
		Alternative Practice : To allow shareholders to appoint any person as their proxy to attend, participate and vote in his/her stead at a general meeting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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

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

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