

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0140
COMPANY NAME : MACPIE 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 Group is led by an experience and effective Board. All Board members carry an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.</p> <p>The Board is responsible for the stewardship of the business and affairs of the Group and collectively responsible for delivery of sustainable value to its shareholders. In discharging its fiduciary duties and leadership functions, the Board has governed and set the strategic direction of the Group while exercising oversight on management. The Board ensured that it had set the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group.</p> <p>During the financial period ended 30 June 2019, the Board has discharged its fiduciary duties, leadership functions and responsibilities has, among others.</p> <ul style="list-style-type: none">- reviewed, challenged and decided on management's proposal for the Group and monitor its implementation by key senior management;- monitored and regular reviewed the strategic direction of the Group and the progress of the Group's operations, taking into changes in the business and to determine the business being properly managed and supports long term value creation- ensured there is a sound framework for internal controls and risk management;- ensured that key senior management has the necessary skills and experience and measures in place to ensure orderly succession planning within the Group.- ensured the integrity of the financial and non-financial reporting of the Group;- ensured that the Company's financial statements are true and fair and conform to the relevant standards, rules and regulations.

	Kindly refer to the Corporate Governance Overview Statement in the Annual Report 2019 for further details on Board leadership.	
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	:	<ul style="list-style-type: none"> - Provided overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions; - chaired meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director. The Independent Non-Executive Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to able the papers to be adequately considered before the meeting; - reviewed the minutes of meetings of the Board before meetings, to ensure they accurately reflect the Board’s deliberations, and matters arising from the minutes and on the which further action is required have been addressed; - ensure membership of the Board is appropriately skilled to meet the needs of the Company; - guided and promoted the ongoing efficacy and development of the Board and its individual Directors; - to monitor good corporate governance practices.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	The positions of the Chairman and Executive Director/Chief Executive Officer are held by two different individuals. The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of the management while the Executive Director/Chief Executive Officer focuses on the business and day-to-day management of the Group and the implementation of the Board's decisions. The distinct and separate roles of the Chairman and Executive Director/Chief Executive Officer; with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making and are clearly defined in the Board Charter.
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 Board is supported by 2 qualified Company Secretaries. Both Company Secretaries have tertiary education and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act, 2016.</p> <p>The Company Secretaries provide guidance to the Board on matters relating to the company law, rules and regulations of the regulatory authorities as well as best practices on governance. The Board has unrestricted access to the advice and services of the Company Secretaries.</p> <p>The Company Secretaries record, prepare and circulate the minutes of meetings of the Board and Board Committees and ensure such minutes are properly kept at the registered office of the Company and produced for inspection, if required. They are also responsible for the proper maintenance of secretarial records, preparation of resolutions and other secretarial functions of the Company.</p> <p>During the FY2019, the Company Secretaries had attended various seminars and conferences to keep themselves abreast with the regulatory changes and other areas namely sustainability, governance, finance, tax and new accounting standards.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board meeting materials are circulated to Directors at least one week prior to each Board meeting to enable Board members to facilitate informed and timely decision making. All Board members reviewed and confirmed the minutes of the meetings to ensure they accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberate on a particular matter.</p> <p>Board members have complete and unhindered access to the Management and Company Secretary at all times. Management personnel are invited to attend Board meetings and the Board may consult with other employees of the Group and seek additional information, where necessary. Likewise, the Directors also have access to independent professional advice whenever such services are needed to assist them in carrying out their duties at the Company's expense.</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 Board is guided by the Board Charter, which set out amongst the responsibilities, authorities, procedures, evaluation and structures of the Board and Board Committees as well as the relationship between the Board with its management and shareholders.</p> <p>Last reviews of the Board Charter was on 21 October 2019 and it had been updated on the company's website at www.macpieberhad.com Notwithstanding that the Board Charter is subject to periodic review to ensure their relevance and compliance.</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	:	The Directors are expected to conduct themselves with the highest ethical standards by setting the appropriate tone at the top, providing thought leadership and championing good governance and ethical practices throughout the Group. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Group. The Company has adopted a Code of Conduct and Ethics, which can be viewed on the Company’s website www.macpieberhad.com .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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's Whistleblowing Policy encourages its employee to raise genuine concerns about positive improprieties in matters of compliance, suspected violations of the Code of Conduct and Ethics and to disclose any improper conduct or other malpractices within MACPIE Group.</p> <p>The Policy is to provide communication channels for employee of the Group and agents, suppliers, consumers and related third party to raise concerns about the improper conduct within the Group and to offer protection for such persons (including the employees of the Group) who can report such allegations in person to its Chief Executive Officer ("CEO") or in writing to CEO and Independent Non-Executive Chairman. The Whistleblowing Policy is published on the Company's website www.macpieberhad.com.</p> <p>The Board Charter, Code of Conduct and Ethics and Whistleblowing Policy were reviewed on 21 October 2019.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board comprised four (4) Executive Directors and four (4) Independent Non-Executive Directors (including the Non-Executive Chairman). Half of the Board of Directors are Independent Directors.</p> <p>By having half of Board comprised of Non-Executive Directors provides an effective check and balance in the functioning of the Board.</p> <p>In the event of any vacancy in the Board resulting in non-compliance with Rule 15.02(1) of Listing Requirements, the company must fill the vacancy within 3 months.</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 4.2

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	
Explanation on application of the practice	:	As at 30 June 2019, None of the Independent Directors of the Company served more than nine (9) years.	
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 Applicable.
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 Nominating Committee (“NC”) is responsible for ensuring that the Board has the appropriate balance composition and size, the required skills mix, experience, and other core competencies; and is also responsible for considering and recommending the appointment of new Directors to the Board. The final decision on the appointment of a candidate recommended by NC rests with the whole Board.</p> <p>Kindly refer to the Corporate Governance Overview Statement in the Annual Report 2019 for further detail.</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	:	<p>The Board is judicious of the gender diversity recommendation by MCCG in order to bring a variety of diverse opinions, prospective, skills, experiences, backgrounds and orientations to its discussions and its decision making processes and constructive debates at key senior management level.</p> <p>The Group is an equal opportunity employer thus any appointment to the Board or any employments are based on objective criteria, merit, experience and creditability on continuing basis and, may not be limited to gender, age, ethnicity and cultural background.</p> <p>The Board views that the workplace and Boardroom diversity is important to facilitate the decision making process by harnessing different insights and perspectives.</p>	
<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	:	Whenever there may be vacancy on the Board, be it for replacement or new addition, the NC will source it through their peers, networking and also get the recommendation from the management. The board utilises independent sources to identify suitably qualified candidates if needs arises.	
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 NC is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Mr. Lionel Vernon Yong Nguon Kee, an Independent Non-Executive Director. The profile of Mr. Lionel Vernon Yong Nguon Kee is presented in the Directors' Profile in this Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board through the NC to perform a formal and objective annual assessment to determine the effectiveness of the Board as a whole, the Board Committees and the contribution of individual director by way of questionnaires.</p> <p>The results of the annual assessment are compiled by the Secretary, and presented to the NC for evaluation, and subsequently tabled to the Board for deliberation.</p> <p>During the FY2019, the NC had assessed the effectiveness of the Board as a whole and its Committees. The NC, after considered among others the following factors had recommended the composition of the Board and Board Committee to remain unchanged:</p> <ul style="list-style-type: none"> - Mix of skills and knowledge; - Diversity; - Capabilities and objectivities; - Activities in the boardroom activities; and - Performance of the Board Committees. <p>The NC also assessed the directors based on the self-assessments questionnaires completed by the individual directors and was satisfied therewith. In their assessments, the NC took into consideration among others but not limited to the character, integrity, personality, independence and contribution of the each director.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

The 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	:	The Remuneration Committee ("RC") has been entrusted by the Board to determine that the level of remuneration is sufficient to attract and retain Directors of quality required to manage the business of the Group. The RC is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration.
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 RC 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 RC carried out an annual review of the Directors' remunerations packages with regards to each Director's role, responsibilities, and expertise, taking into consideration of the Company's business performance of the Group whereupon recommendations are submitted to the Board for approval. Such annual reviews shall ensure that the remuneration package of the Directors remains sufficiently attractive to attract and retain Directors of such calibre to provide the necessary skills and experience to drive the Group's long term objectives.	
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 details disclosure of the Directors' remuneration breakdown of individual directors includes fees, salary, bonus, benefits in kind and other emoluments are disclosed in the Corporate Governance Overview Statement of the 2019 Annual Report.	
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 7.2

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 Board is of the opinion that it would not be in the best interest of the Group to disclose the level of remuneration paid to senior management on a named basis given the competitive human resource environment for personnel with requisite knowledge and experience in the industry.	
<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 7.3 - 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 & Risk Management Committee (“AC”) is Mr. Lionel Vernon Yong Nguon Kee, an Independent Non-Executive Director, while the Chairman of the Board is Mr. Lim Peng Tong, also an 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

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>In line with Practice 8.2, the Board had amended the Terms of Reference of the AC that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC.</p> <p>None of the members of the Board was a former key audit partner of 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 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC had conducted an annual assessment to consider the suitability, objectivity, and independence of the audit firm based on the followings:</p> <p>(i) Independence, objectivity and professional skepticism. (ii) Communication and interaction. (iii) Quality of skills, capabilities of audit team and sufficiency of resources.</p> <p>Based on the results of the evaluation, the AC is satisfied with the performance of the external auditors and thus, recommended to the Board the re-appointment of the external auditors at the forthcoming AGM in 29 November 2019.</p> <p>Messrs. Grant Thornton Malaysia had in their audit planning memorandum provided a written assurance that they are independent throughout the conduct the audit engagement in accordance with the relevant professional and regulatory requirements.</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	:	Applied
Explanation on adoption of the practice	:	The AC comprises solely of Independent Directors.

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 member of the AC collectively are financially literate and have the necessary silks and experience and able to understand Company’s business and matter under the purview of the AC including the financial reporting process. They have continuously applied a critical and probing view on the Company’s financial reporting process, transactions and other financial information, and effectively challenged management’s assertions on the Company’s financials to ensure the Quarterly Report and the Annual Audited Financial Statements give a true and fair view of the Company’s financial position.</p> <p>As stated in the Directors’ training of Boards Leadership on Objectives and Goals of the Company, all the AC members have undertaken continuous professional development to keep themselves abreast with the latest development and changes to the regulatory requirements and practices to discharge their duties effectively.</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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board through the AC reviews the adequacy of the Group's risk management framework to ensure risk management and internal controls are in place.</p> <p>The Group had adopted a risk management framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the risk management framework.</p> <p>The AC reports to the Board periodically on the Group's risk profile including actions undertaken by the management to manage or mitigate the risks identified.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>Risk management is regarded as an important aspect of the Group’s operation. The Group has an on-going process for identifying, evaluating and managing principal risks.</p> <p>The top 4 principal risks identified were as follows:</p> <ol style="list-style-type: none"> 1) Environmental and Business Continuity Risk 2) Loss of Good Reputation Risk 3) Financial Risk 4) New Product/Service Risk <p>Further details on the features of the risk management and internal control framework are disclosed in the Statement of Risk Management and Internal Control of the Annual Report 2019.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The establishment of the Internal Audit Function provides the Directors and the AC with an independent assessment and appraisal/review of the effectiveness and reliability of the Group's internal controls and information system.</p> <p>The internal audit function includes the review, assessment and provision of reasonable assurance that the Group's internal controls are functioning as planned and able to highlight all material deviation or findings to the AC immediately. To maintain impartiality and independence, the internal auditors report directly to the Audit Committee on the overall assessment of the Group's internal control mechanism.</p> <p>Internal Audit reports were issued to the AC to be tabled at the AC meetings. The reports are also issued to the respective operations management, incorporating audit recommendations and Management response with regards to any audit findings on the weaknesses in the systems and controls of the operations. The internal auditors will also follow up with Management on the implementation of the agreed audit recommendations.</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 adopts a COSO Framework and risk-based approach with focus on effective risk management practices and is guided under the International Professional Practice Framework.</p> <p>IA Essential Sdn Bhd had assigned 3 internal auditors to undertake the internal audit of the Group. Mr. Chong Kian Soon is the Executive Director-in-charge of the internal audit of the Group. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Institute of Internal Auditors Malaysia.</p> <p>None of the persons involved in the internal audit functions have any family relationship with the Directors or Company which could result in the conflict of interest and/or impairment of the objectivity and independence during the internal audit review.</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>The Board recognizes the important of effective communication with its investors and shareholders as a key component to uphold the principles and best practices of corporate governance for the Group. As such, the need to establish corporate disclosure policies and procedures between the Company and the regulators, shareholders and stakeholders is important to build the trust and understanding between the Company and the stakeholders.</p> <p>On this basis, the Board exercises close monitoring of all price sensitive information potentially required to be released to Bursa Malaysia and makes material announcements to Bursa Malaysia in a timely manner as requested. In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa, the media and the Company’s website.</p> <p>The Board has authorized the Finance Director to co-ordinate with the Company Secretary to verify and approve all announcements before releasing to the public.</p> <p>The following communication channels are mainly used by the Company to disseminate information on a timely basis to the shareholders and the investing public:</p> <ul style="list-style-type: none"> (a) Group’s corporate proposals, quarterly and annual financial results and other required announcements are available on website at www.macpieberhad.com and www.bursamalaysia.com; (b) Press release provide up-to-date information on the Group’s key corporate initiatives and investments if any; (c) Annual General Meeting (“AGM”) provides a forum to engage with Directors and key senior management to share viewpoints and acquire information on issues relevant to the Group.
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 categorized as large company under the MCGG and has not adopted the integrated reporting based on a globally recognized framework.	
<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 Board had adopted Practice 12.1 to issue the notice of AGM to shareholders at least 28 days prior to the meeting. The additional time given will allow shareholders to make necessary arrangements to attend and participate in person or through proxies or corporate representatives and also to consider the proposed resolutions before exercising their voting rights at the meeting.	
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	:	The Board had adopted Practice 12.2 that all its members including key senior management to attend the general meeting of the Company and to respond to shareholders' enquiries, if any. At the last Annual General Meeting ("AGM") of the Company held on 29 November 2018, all the Directors and Senior Management were present at the said meeting.	
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	:	The Company does not have meetings at remote locations nor does it have a large number of shareholders for it to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders’ participation in General Meetings.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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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