

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0140
COMPANY NAME : MACPIE BERHAD
FINANCIAL YEAR : June 30, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") discharges its duties and responsibilities that are set out in the Board Charter, with the objective of safeguarding the interest of shareholders and other stakeholders.</p> <p>The Board Charter is available on the Company's website at https://macpie.asia/.</p> <p>In order to ensure the effective discharge of its functions and responsibilities, specific powers of the Board are delegated to the relevant Board Committees, Executive Director and the Senior Management.</p> <p>The Board reviewed and deliberated the business plan, strategic plan and/or proposals presented by the Management bearing in mind any major change/revision/update discussed during the quarterly Board meeting accordingly.</p> <p>The Board Committees have the authority to examine particular issues and report to the Board with their findings and recommendations. However, the ultimate responsibility for decision on all important matters lies collectively with the Board.</p> <p>The Board is also responsible for promoting an effective execution of good corporate governance and a corporate culture of ethical conduct, especially among its members and generally that would permeate throughout the Company. As part of its continuous effort to promote good corporate governance, the Board, the Board Committees and each individual Director are annually assessed on their effectiveness in fulfilling their roles and responsibilities as disclosed in the Annual Report circulated once a year. Hence, the Board is collectively sound and has sufficient knowledge and expertise to enable effective governance and oversight.</p>

	<p>The Executive Directors are responsible for the day-to-day management of the business and operations of the Company and its subsidiaries (collectively referred to as “Group”) with the support of Senior Management. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group’s performance. The relevant members of the Management attended the Board meetings to support the Executive Directors in presenting the updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

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>Following the resignation of Mr. Lim Peng Tong as Chairman of the Board on 30 September 2020, Mr. Lionel Vernon Yong Nguon Kee was elected to chair the Board meetings during the financial year ended 30 June 2021 (“FY2021”). Mr. Lionel Vernon Yong Nguon Kee has therefore, assumed the roles and responsibilities of Chairman until the new Chairman of the Board is appointed. Subsequently, YM Tengku Ezuan Ismara bin Tengku Nun Ahmad was appointed as Independent Non-Executive Chairman on 27 September 2021.</p> <p>The roles and responsibilities of the Chairman are as follows:</p> <ul style="list-style-type: none">• Promotes constructive and respectful relations between Board members, and between the Board and the Management.• Provides leadership to the Board.• Ensures that appropriate procedures are in place to govern the Board's operation.• Leads the Board in establishing and monitoring good corporate governance practices in the Company.• Chairs general meetings of the Company and provides clarification on issues that may be raised by the stakeholders.• Ensures compliance with all relevant regulations and legislation.
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 Chairman of the Board during FY2021 is Mr. Lim Peng Tong. Subsequently, he has resigned on 30 September 2020. YM Tengku Ezuan Ismara bin Tengku Nun Ahmad as the new Chairman of the Board on 27 September 2021. The role of Chief Executive Officer is assumed by Mr. Koo Kien Keat, who is the Executive Director of the Company. The role of Chairman and Executive Director are disclosed in the Corporate Governance Overview Statement of the Annual Report 2021.
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>During FY2021, the Board was supported by a qualified Company Secretary. The Company Secretary is licensed by the Registrar of Companies and qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. He is registered with the Companies Commission of Malaysia under Section 241 of the Companies Act 2016 and is issued with practising certificate by the Registrar of Companies.</p> <p>The Company Secretary provided the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Constitution of the Company, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.</p> <p>All Directors also had full and unrestricted access to the advice and services of the Company Secretary. The Board was regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Company Secretary as well as external consultants. The Company Secretary together with the Executive Director and Senior Management assisted the Chairman of the Board and Chairman of the Board Committees to deal with the Board agendas and to provide the relevant information and documents to Directors on a timely basis. The Board was satisfied with the support and performance rendered by the Company Secretary in assisting the Board to discharge its duties.</p> <p>The Board was of the view that the Company Secretary had been competent and kept themselves abreast with the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.</p> <p>The Board was satisfied with the performance and support rendered by the Company Secretary to the Board.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.5

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>Prior to the Board and Board Committees meetings, the agenda for each meeting together with the reports and notices containing information relevant to the business of the meetings (including information on major financial, operational and corporate matters as well as activities and performance of the Group and minutes of last Board and Board Committees meetings) were circulated to the Board members seven (7) days before the meetings to provide sufficient time for the Board members to read and deliberate the issues. During Board meetings, the Management provides further details on each issue raised for discussion or as supplementary information, and consultants (including the Internal and External Auditors) may be invited to provide further insight.</p> <p>The deliberations and decisions at Board and Board Committee meetings were well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>Minutes of meetings were distributed to all Directors on a timely basis for review and thereafter for confirmation at next meetings. The signed minutes were entered in minutes books kept by the Company Secretary at the registered office.</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 has adopted a Board Charter to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect of and on behalf of the Company.</p> <p>The Board would regularly review this Board Charter to ensure they remain consistent with the Board's objectives.</p> <p>The Board Charter is available on the Company's website at https://macpie.asia/.</p> <p>The Board enhances its governance by adopting the following policies which are published at https://macpie.asia/:</p> <ul style="list-style-type: none"> • Whistleblowing Policy • Code of Business Conducts • Anti-Bribery and Corruption Policy • Corporate Disclosure Policy
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, Management and all employees of the Group are guided by the Code of Business Conducts established by the Board which is available on the Company's website at https://macpie.asia/.</p> <p>The Code of Business Conducts provides principles and standards relating to Directors' and employees' duties to act in the best interest of the Group and stakeholders, and covers the areas of transparency, integrity, accountability, safety, conflicts of interest, insider trading, fair dealing, compliance with laws, rules and regulations.</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's Whistleblowing Policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any improper conduct or wrongdoing within the Group.</p> <p>Individuals are able to raise/voice concerns in a responsible and effective manner whenever they discover any serious malpractices.</p> <p>Where the whistleblower is an employee of the Company and the disclosure is made in good faith, the employee will be protected from harassment, discrimination or victimisation.</p> <p>The Whistleblowing Policy is available on the Company's website at https://macpie.asia/.</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	:	Applied	
Explanation on application of the practice	:	<p>The Board comprises:</p> <p>a) One (1) Independent Non-Executive Chairman; b) Two (2) Executive Directors; and c) Four (4) Independent Non-Executive Directors.</p> <p>The Independent Directors make up more than 50% of the composition of the Board and they have satisfied the independence test under the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.</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	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
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	:	Please provide an explanation on the adoption.

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 Board recognises a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decisions.</p> <p>The NC will review and recommend to the Board the suitable candidate in respect of mix of skill, knowledge, experience, expertise, independence, diversity (including gender, ethnicity and age) and core competencies needed to facilitate effective functioning of the Board.</p> <p>During FY2021, the Board has one (1) women director which constitutes 20% of the Board. Subsequently, the Board had on 17 August 2021 appointed an additional women director and having 28.6% women directors on Board.</p> <p>The Board is actively managing its workforce diversity to ensure equal employment opportunity. It fosters an environment where the ability to contribute and access employment opportunities is based on performance, skills and merits.</p> <p>The number of female employees constitutes 57.1% of the Management team.</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 4.5

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	:	The Board has no specific policy on setting targets on women candidates to be appointed to the Board. During FY2021, the Board has one (1) women director which constitutes 20% of the Board. Subsequently, the Board had on 17 August 2021 appointed an additional women director and having 28.6% women directors on Board.	
		The NC will continue to take steps to ensure suitable female candidates are sought as part of its recruitment exercise.	
<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

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	:	The Nominating Committee (“ NC ”) are guided by its terms of reference in the nomination, recommendation for appointment and re-election of Directors. Where necessary, the NC and Board will gain access to a wider pool of potential candidates based on the recommendation from the existing Board members, Management and major shareholders, or refer to the potential candidates from the industry taking into consideration the qualification, skills, knowledge and experience background.	
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 NC is chaired by Mr. Lionel Yong Nguon Kee, who is 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

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 had conducted an annual assessment via questionnaires on the Board, Board Committees and each individual Director.</p> <p>The activities undertaken by the NC were summarised in the Corporate Governance Overview Statement of the Annual Report 2021.</p> <p>Each Director and Board Committee member completed the evaluation form and submitted it on a confidential basis to the Company Secretary who produces a report for tabling to the NC Chairman. The NC Chairman then reviewed the report and submitted its findings to the Board for assessment of the performance and effectiveness of the Board and Board Committees and its members.</p> <p>The NC was satisfied with the performance of all the Directors and Board Committee members during FY2021.</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 packages of the Executive Directors and Non-Executive Directors are determined by the Board with the assistance of the Remuneration Committee ("RC") in accordance with its terms of reference.</p> <p>The fees and any benefits payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting in accordance with Section 230 of the Companies Act 2016. The Company had obtained approval from the shareholders at the Fifteenth Annual General Meeting ("15th AGM") held on 27 November 2020 in respect of payment of Directors' fees and benefits to the Non-Executive Directors for the FY2021.</p> <p>The terms of reference of RC is periodically reviewed and is available on the Company's website at https://macpie.asia/.</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 RC carry out an annual review on the remuneration of the Board and Senior Management and make recommendation to the Board for approval. This review ensures that the remuneration package commensurate with responsibilities, performance and contribution of the members of Board and Senior Management, taking into consideration of various factors including the Company's financial performance and budget. The terms of reference of the RC is accessible on the Company's website at https://macpie.asia/ .	
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 of each individual Director's remuneration comprising fee, salary, allowance, benefit and bonus for FY2021 are disclosed on named basis in the Corporate Governance Overview Statement of the Annual Report 2021.	
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	:	<p>The Company takes cognizance of the Malaysian Code on Corporate Governance ("MCCG") recommendations. However, the Board is of the view that the Group has a very small Senior Management team and such disclosure on the remuneration of the Senior Management on a named basis would not be in the best interest of the Group due to confidentiality and sensitivity concerns as well as the issue of competition and staff poaching. As such, remuneration paid to all employees should be kept confidential and should not be disclosed for any reason, other than as requested for appropriate financial reporting purposes.</p> <p>As an alternative, the Board is of the view that the disclosure of Key Senior Management's aggregated remuneration on unnamed basis in the bands of RM50,000 as shown below is adequate:</p> <table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>No. of Senior Management Personnel</th> </tr> </thead> <tbody> <tr> <td>RM50,001 to RM100,000</td> <td>-</td> </tr> <tr> <td>RM100,001 to RM150,000</td> <td>1</td> </tr> <tr> <td>RM150,001 to RM200,000</td> <td>-</td> </tr> </tbody> </table>	Range of Remuneration	No. of Senior Management Personnel	RM50,001 to RM100,000	-	RM100,001 to RM150,000	1	RM150,001 to RM200,000	-
Range of Remuneration	No. of Senior Management Personnel									
RM50,001 to RM100,000	-									
RM100,001 to RM150,000	1									
RM150,001 to RM200,000	-									
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>										
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	:	<p>The Audit & Risk Management Committee (“ARMC”) is chaired by Mr. Andy Liew Hock Sim, who is an Independent Non-Executive Director, and he is not the Chairman of the Board.</p> <p>Mr. Andy Liew Hock Sim was appointed as the Chairman of ARMC on 27 October 2020 following the redesignation of the former Chairman of ARMC, Mr. Lionel Vernon Yong Nguon Kee, as member of ARMC on the even date.</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 8.2

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	:	None of the members of the Board is a former key audit partner of the External Auditors that shall be subject to a cooling-off period of at least two (2) years before being appointed as a member of the ARMC. The terms of reference of the ARMC is available on the Company's website at https://macpie.asia/ .	
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 ARMC assess the suitability, objectivity and independence of the Group's External Auditors every year before making a recommendation on the reappointment of External Auditors to the Board for consideration. The Board upon satisfaction of the recommendation from ARMC will propose the reappointment of External Auditors to the shareholders for approval at an annual general meeting ("AGM").</p> <p>The External Auditors, Grant Thornton Malaysia PLT ("GTM") are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The ARMC had three (3) private meetings with GTM without the presence of Executive Director and Management to discuss audit related matters that they wish to raise directly with the ARMC during the FY2021.</p> <p>GTM declared their independence in accordance with the IAASB Handbook of International Auditing, Assurance and Ethics Pronouncements and By-Law (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.</p> <p>The ARMC was satisfied with the suitability, objectivity and independence of GTM and has recommended the re-appointment of GTM for FY2021 at the 15th AGM of the Company.</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	:	Adopted
Explanation on adoption of the practice	:	The ARMC is comprised solely of Independent Non-Executive 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	:	All the members of ARMC are financially literate and have extensive experience, business knowledge and skills. The qualification and experience of the individual ARMC members are disclosed in the Directors' Profile of the Annual Report 2021. The ARMC members have attended continuing professional development training programmes/seminars/webinars during FY2021 based on individual learning requirements as well as to stay abreast of financial or corporate developments.
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 recognises the importance of sound controls and risk management practices to good corporate governance.</p> <p>The functions of the ARMC have been expanded to ensure risk management and proper internal controls are in place with an adequate awareness and understanding of risk by the Management and to safeguard shareholders' interest and the Company's assets.</p> <p>The Board delegates the determination of risk appetite to the ARMC and ensures that the risk appetite is in line with the Group's strategy.</p> <p>The information on risk management framework and internal control system are disclosed in the Statement on Risk Management and Internal Control of the Annual Report 2021.</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	:	The key features of the Company’s risk management framework and internal control system and its adequacy and effectiveness can be found under the Statement on Risk Management and Internal Control of the Annual Report 2021.	
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 :	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	:	The Group has outsourced the internal audit function to an independent professional service provider (" Outsourced IA ") which reports directly to the ARMC. The ARMC reviews the objectivity, suitability and independence of the Outsourced IA annually to ensure it provides independent, objective assurance and consulting services to enhance the organisational value. The activities of the internal audit function carried out during FY2021 are set out in the ARMC Report of the Annual Report 2021.	
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 Outsourced IA is independent and free from any business relationships or conflicts of interest when conducting any internal audit activities.</p> <p>The Outsourced IA service provider is currently made up of 3 members. The team is all members of The Institute of Internal Auditors Malaysia . The team is led by the Director of Internal Audit, Christine Looi Pek San, who has been in the industry for over 30 years. The Outsourced IA conducted their audit in adherence to the International Standards for the Professional Practice of Internal Auditing (Standards) as advocated by The Institute of Internal Auditors Malaysia. The internal auditors have also disclosed that they do not have any relationship or conflict of interest in the discharge of their responsibilities n that they are independent and do not have any direct operational responsibilities over the audited activities.</p> <p>The internal audit functions and activities carried out during FY2021 are as disclosed in the ARMC Report of the Annual Report 2021.</p> <p>The ARMC is also satisfied that the Outsourced IA has the necessary competency, experience and sufficient sources to carry out the internal audit function 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	:		
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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 acknowledges the importance of establishing a direct line of communication with shareholders and investors and endeavours to provide timely disclosures on the Group's performance and operations via distribution of annual reports and relevant circulars, and release of quarterly financial results, press releases and announcements.</p> <p>Nevertheless, the Company recognises that electronic media via its website is used as one of the primary communication channels to promote instant communication and wide coverage to the shareholders. Shareholders and investors can access the Company's website at https://macpie.asia/ to enquire about investor relations matters.</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	:	Not applicable as the Company is not a Large Company as defined by the MCCG.	
	:	-	
<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

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	:	<p>The Company has been practicing the issuance of notice of AGM at least 28 days before the AGM to give sufficient time for the shareholders to consider the resolutions to be tabled at the AGM and to make arrangement to attend the AGM either in person, by proxy(ies), corporate representative(s), or attorney(s).</p> <p>The 15th AGM of the Company was held on 27 November 2020 and the Company had issued the Notice of 15th AGM on 28 October 2020.</p> <p>The Company will continue this best practice for the forthcoming Sixteenth AGM to be held on 30 November 2021.</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

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, Chairpersons of ARMC, NC, RC, Management, and External Auditors attended the 15th AGM held on 27 November 2020 to respond to the shareholders' queries. During the 15th AGM, the Board encouraged participation from the shareholders by having a question and answer session. The proceedings of the 15th AGM were recorded in the minutes and the summary of key matters discussed at the 15th AGM was published on the Company's website at https://macpie.asia/ .
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	:	Applied	
Explanation on application of the practice	:	The Company had held and conducted the 15th AGM on 27 November 2020 and an Extraordinary General Meeting on 5 February 2021, both on virtual basis through live streaming from broadcast venue using remote participation and voting facilities. The shareholders or their proxy(ies)/corporate representative(s)/attorney(s) are able to attend, participate (including pose questions to the Board) and vote remotely.	
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	:		

**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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