

CORPORATE GOVERNANCE REPORT

STOCK CODE : 8273
COMPANY NAME : Public Packages Holdings Berhad
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board's role is to lead and control the Group's business and affairs on behalf of shareholders whilst enabling the company to achieve long term sustainability. The Board takes into consideration interests of all stakeholders in their decision making so as to ensure the Group's objective of creating long term shareholder value. The Board assumes the following key responsibilities, among others: - - Develop and evaluate the Group's succession planning and talent management plans; - Review, approve and monitor implementation of the strategies and business plans of the Group; - Monitor and evaluate performance of the Group's business operations and activities; - Overseas conduct of the Group's business, ensuring that affairs are carried out ethically and in full compliance with relevant laws and regulations; - Identify principal risks and ensure execution of appropriate Risk Management and Internal Control procedures; - Ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for orderly succession of the Board; - Evaluate the adequacy and integrity of Company's financial and non-financial reporting of the Group; and - Supervise the implementation of shareholders' communication policy. Several Board Committees were established in discharging of Board's duties and responsibilities. The Board Committees are as below: - - Audit and Risk Management Committee; - Nominating Committee; - Remuneration Committee; and - Scheme Committee.
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	:	Mr. Koay Chiew Poh is an Executive Chairman of the Group. He acts as a spokesperson for the Board and represents the Group to the shareholders. In fulfilling this role, the Chairman: - (a) Provides leadership for the Board so that the Board can perform its responsibilities effectively; (b) Sets the Board agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) Leads Board meetings and discussions; (d) Encourages active participation and allows dissenting views to be freely expressed; (e) Manages the interface between Board and Management; (f) Ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; (g) Facilitate the effective contribution of Non-Executive Directors in particular; and (h) Leads the Board in establishing and monitoring good corporate governance practices in the Company. The Board notes the recommendation of the Code that the Chairman must be a Non-executive member of the Board and in the event where the Chairman is not an Independent Director, the Board must comprise a majority of Independent Directors. The composition of the Board reflects a balance of one (1) Executive Chairman, three (3) Executive Directors and three (3) Independent Non-Executive Directors from diverse background with experience. This balanced composition allows oversight of management as well as to support objective and independent deliberation, review and decision making. Therefore, the Board supports the continuation of Mr. Koay Chiew Poh as the Executive Chairman and is of the view that the Chairman's invaluable contribution, extensive experience along with his detailed knowledge on the Group's business activities and strategic directions renders him the most befitting candidate. The Board also take into consideration that Executive Chairman is also single largest shareholder in the company, he is capable of acting on behalf of shareholders and in their interest.
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 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The position of Chairman and Group Managing Directors are held by different individuals.	
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	:	The Company Secretaries, Mr. Lee Peng Loon and P'ng Chiew Keem are qualified Chartered Secretaries. Their role and responsibilities include the following: - a. Manage all Board and Committee meeting logistics, attend and record minutes of all Board and Committee meetings and facilitate Board communication; b. Advise the Board on its roles and responsibilities; c. Facilitate the orientation of new Directors and assist in Director Training and Development; d. Advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements; e. Manage processes pertaining to the annual shareholder meeting; f. Monitor corporate governance developments and assist the Board in applying governance practices to meet Board's needs and stakeholders' expectation; and g. Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	Members of the Board are supplied with unrestricted and timely information to enable effective discharge of their duties and responsibilities. Relevant agendas and board papers containing management and financial information are distributed in advance of each Board meeting for their perusal and consideration, to enable active participation during meetings and to facilitate informed decision making.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied	
Explanation on application of the practice	:	The Board Charter delineates the Board’s strategic intent and sets out key values and principles of the Group. It defines the roles, powers and responsibilities of the Board and its directors. It acts as a source of reference and primary induction literature for prospective Board members, as well as assisting the Board in assessment of its collective performance and that of each individual director. The Board Charter is reviewed at least once every year, reflecting changes in regulations and best practices, and to update its relevance and effectiveness. A copy of the Board Charter can be accessed from the Group’s website – www.pph.com.my.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	A Code of Ethics and Conduct with the objective of creating an ethical corporate climate had been adopted by the Group. It provides guidance on the standards of behaviours expected from the directors, employees as well as any other persons who represent the Group in execution of their duties and functions. A copy of the Code of Ethics and Conduct is published on the Group’s website. The code is subject to regular review.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	Any director or employee, who knows of or suspects a violation of the Code, is encouraged to lodge report with the Human Resources Manager of the Group. The violation may include fraud, criminal, misuse of confidential information and etc. The Group views false and malicious allegations seriously and will investigate and take appropriate action. The Group will treat all information received confidentially and protect the identity and interest of all whistle-blowers. There have been no reported incidents pertaining to whistle-blowing during the year.
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	:	The Board comprises four (4) Executive Directors and three (3) Independent Non-Executive Directors, in compliance with paragraph 15.02 of the Bursa Malaysia Listing Requirements where at least one third (1/3) of the Board members must be Independent Directors.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	As at date of this statement, Puan Nurjannah Binti Ali and Mr. Ng Thim Fook served as Independent Directors for tenure of more than twelve (12) years while Mr. Ong Eng Choon has served for tenure of nine (9) years. The Board intend to retain Puan Nurjannah Binti Ali, Mr. Ng Thim Fook and Mr. Ong Eng Choon, who served more than nine (9) years as Independent Non-Executive Directors at the forthcoming 32nd Annual General Meeting ("AGM"). On 25 February 2019, the Nominating & Remuneration Committees have assessed and are satisfied that directors: - a. Have fulfilled the criteria of independence as per definition set out under Chapter 1 of the Bursa Malaysia Listing Requirements; b. Have committed sufficient time and exercised due care during their tenure, actively participating in board meetings and discussions; c. Are able to capitalise on their familiarity, insights and knowledge of the Group's operations and contribute positively towards deliberations and decision-makings of the Board; d. Have discharged their professional duties in good faith and in the best interest of the Group and shareholders; e. Have vigilantly safeguarded the interest of minority shareholders, as well as stakeholders of the Group; and f. Have the calibre, qualifications, experience and personal qualities to challenge management in an effective and constructive manner.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	The Board and the Nominating Committee take into account the skills, experience, age, race/ethnicity and nationality of the existing Board in seeking potential candidate(s). This helps to ensure an appropriate balance between the experience perspectives of the long-term directors and new perspectives that bring fresh insights to the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 currently has one (1) female director.	
		The Board acknowledge recommendation of the Code pertaining to the establishment of Boardroom gender diversity policy. As at date of this Annual Report, the Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of suitability of candidates as new Board member or as a member of workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting needs of the Group, regardless of gender.	
<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	:	Others	

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	:	No new directors were appointed during the past few 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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nominating Committee is chaired by an Independent Non-Executive Directors, Puan Nurjannah Binti Ali.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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	:	On 26 February 2018, the Nominating Committee undertook an evaluation process involving the Board, Board Committees and Directors self and peer assessment. The criteria and procedures were disclosed in the annual report. The Board does not have the practice of having the assistance of independent experts.	
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	:	The remuneration plays a vital role in attracting and retaining highly skilled Directors. The remuneration demonstrates the level of responsibility of its Directors and aligned with the business strategy and long-term objectives of the Group. The Group's remuneration policies for Directors are as follows: - (a) Components of remuneration packages and link between the remuneration and business strategy as below: - (i) Remuneration package of Executive Directors The remuneration package of the Executive Directors consists both fixed and performance-linked elements. The performance of Executive Directors is reviewed annually by taking into consideration: - 1. The remuneration package that supports Group's objective and strategies; 2. Accountability and responsibility; and 3. Yearly performance. (ii) Fees for Non-Executive Directors The fees of directors, including Non-Executive Directors, are endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting. All Non-Executive Directors are paid annual fixed director fees for serving as members of the Board. The director fee reflects the experience, level of responsibilities and contribution, and the time spent in attending to the Group matters; (b) Nature of commitments The remuneration policies and procedures are reviewed annually.
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 members of the Remuneration Committee are as follows: - Puan Nurjannah Binti Ali <i>(Chairman, Independent Non-Executive Director)</i> Mr. Ng Thim Fook <i>(Member, Independent Non-Executive Director)</i> Mr. Ong Eng Choon <i>(Member, Independent Non-Executive Director)</i> Mr. Koay Chiew Poh <i>(Member, Executive Chairman)</i> The specific responsibility of the Remuneration Committee is reviewing the remuneration policy and procedures for the Board and Senior Management and recommends the same to the Board for approval. The remuneration of directors is set at levels that would enable the Company to attract and retain directors with relevant expertise and the experience necessary in managing the Group effectively. Directors do not participate in decisions regarding their own remuneration packages. The remuneration package of the Executive Chairman is approved by the full Board on the recommendation of the Remuneration Committee. Existence of an Executive Director in the Committee is to ensure that the remuneration packages demonstrate individual merit, qualification and competence, with reference to the Company's operating performance.
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

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 remuneration breakdown of individual directors (includes fee, salary, bonus, benefits in-kind and other emoluments) during financial year 2018 were disclosed in annual report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Depature
Explanation on application of the practice	:	The Board opted not to disclose the remuneration of Senior Management on named basis. The Board believe that disclosure ore remuneration bands is sufficient to meet the objective of Malaysia Code of Corporate Governance 2017. Detailed of the remuneration of top five (5) senior management in each successive band of RM50,000 during the financial year 2018 were disclosed in 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 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee, Puan Nurjannah Binti Ali, is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as the member of Audit Committee.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	The Audit Committee undertakes annual assessment of the suitability, objectivity and independence of External Auditors. On 2 April 2018, the Audit Committee has performed its annual assessment of the performance of the External Auditor, Messrs. Grant Thornton based on criteria as below: - (a) The competence, audit quality and resources capacity of the External Auditor in relation to the audit; (b) The nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and (c) Obtaining written assurance from the External Auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The Audit Committee was satisfied with the suitability of Grant Thornton based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. In addition, Audit Committee obtained written assurance from the External Auditors confirming their independence throughout the conduct of the audit engagement for the financial year prior recommending their re-appointment to the Board. Shareholders' approval will be sought at the forthcoming Annual General 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

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 Audit Committee comprises wholly 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	:	The members of Audit Committee have the relevant accounting or related experience and expertise in financial service industry to effectively discharge its duties in accordance with the Term of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Directors' Information. All members of the Audit Committee had undertaken continuous professional development to ensure that they are abreast of relevant developments in accounting and audit, standards, practices and rules. The type of training attended by the Audit Committee during the year were disclosed in 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

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	The Risk Management Committee established on 26 February 2018 to oversee and ensure the effectiveness implementation of the Risk Management and Internal Control of the Group. Group Managing Directors together with Senior Managements are responsible for managing risks in accordance to regulatory guideline and internal policies approved by the Board. A structured process had been established to identify and assess risks arising from the Group's operations, as well as the effectiveness of the control measures and internal control practices. The monitoring of risk management of the Group is further enhanced by the internal audits carried out in accordance with internal plan approved by Audit Committee. The Risk Management Committee meets at least once every quarter with the Group Managing Directors to deliberate on the findings and recommendations of the risk assessments performed by the team.
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 Statement of Risk Management and Internal Control is disclosed in the 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

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	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee comprises wholly of Independent Directors.

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 Board established an in-house Internal Audit ("IA") function for the Group, who reports directly to the Audit Committee. The Head of IA has direct access to Audit Committee on all internal controls and audit issues. The role of Head of IA is assisting the Audit Committee in reviewing, examining and evaluating the effectiveness and the Group's internal control system whilst ensuring that there is an appropriate balance of controls and risks in achieving its business objective. The Head of IA carried out its activities based on the annual internal audit plan approved by Audit Committee. The findings and recommendation were submitted to the head of subsidiaries in which the audit was carried out. The local management of the audited subsidiary is responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. The Head of IA conducted follow-up audit to ensure that the corrective actions were implemented accordingly.	
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	:	The internal auditors are free from any relationships or conflicts of interest or undue influence of others to override professional and business judgement, which could impair their objectivity and independence. The independence of internal audit function is derived from direct reporting and unencumbered access to the Audit Committee. The Head of IA reports directly and functionally to the Audit Committee and ultimately to the Board. There are 3 internal auditors with relevant qualifications and experience. The Head of Internal Auditor, Ms. Tan Siew Hooi, a Malaysian, age 44, was appointed as Internal Audit Manager on Feb 2017. She graduated from IPG College, Pulau Pinang with an Advance Diploma in Accounting and has 5 years of working experience in Hotel and banking Industries prior joining the Group. She joined the Group in year 2002 and offered to Internal Audit Division on Feb 2008, prior promotion to current position. On 25 February 2019, the Audit Committee conducted annual assessment of the performance of the IA function. The Audit Committee was satisfied with the competency, experience and resources of the IA functions for discharging its role and responsibilities.
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	:	The Board recognised the importance of being transparent and accountable to the Company's investor and stakeholders, as such, various channels were created to maintain communication with them. Corporate information, quarterly financial results and Annual Reports, circulars to shareholders, as well as announcements made to Bursa Securities can be accessed from dedicated sections on the Group's website. All information made available to Bursa Malaysia are immediately uploaded to the Company website at pph.com.my. In addition, the Annual General Meeting ("AGM") serve as primary forum for dialogue and interaction with both institutional and individual shareholders. Various contact details are provided to address queries from customers, shareholders and the general public.
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	:	Public Packages Holdings Berhad would consider adopting integrated reporting in the future.	
		Integrated reporting is still new in the current Market.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Public Packages Holdings Berhad will take the necessary measure to comply in the future.	
Timeframe	:	Others	In the future

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 notice of Annual General Meeting ("AGM") to shareholders is dated 26 April 2019, which is 28 days' notice prior to 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	:	At the 31 st AGM, the Chairman delivered a brief presentation on the financial performance and activities of the Group throughout the year. Members of the Board and Board Committee were available to respond to any questions shareholders may have. The External Auditors are also presented to provide their professional and independent clarification on issues and concerns raised by shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Not applicable.	
		The Group is the view that Public Packages Holdings Berhad does not have large number of shareholders.	
<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	:	Others	Not applicable

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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