

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6297
COMPANY NAME : Box-Pak (Malaysia) Bhd.
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The responsibilities of the Board of Directors of Box-Pak (Malaysia) Bhd. ("Box-Pak" or "the Company") ("Board") are set out in the Board Charter. Further details of the roles and responsibilities of the Board are set out in the Corporate Governance Overview Statement ("CG Overview Statement") in the Annual Report 2019.</p> <p>In discharging its duties, the Board is assisted by the Board Committees namely, the Executive Committee, Audit and Risk Management Committee, Remuneration Committee, Nomination Committee and Sustainability Committee. Each Committee operates within its respective defined Terms of Reference ("TOR") which have been approved by the Board and are set out in the Board Charter. The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance ("MCCG").</p> <p>Details of the Company's vision, mission, core values and motto are set out in our Company's website at www.boxpak.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman is primarily responsible for matters pertaining to the Board and overall conduct of the Board. Details of the responsibilities of the Chairman of the Board are set out in the Board Charter.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board, Datuk Dr. Roslan Bin A. Ghaffar is an Independent Non-Executive Director, while Yeoh Jin Hoe is the Group Managing Director. There is a clear and distinct division of responsibilities between the Chairman and the Group Managing Director to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level. Their respective responsibilities are set out in the Board Charter.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by 2 qualified Company Secretaries, Tan Bee Keng and Kwong Shuk Fong who are both members of The Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”). The Company Secretaries’ responsibilities are set out in the Board Charter.</p> <p>Tan Bee Keng has extensive experience in company secretarial and corporate work. She was appointed the Company Secretary of the Company on 31 July 2012. She also serves as Company Secretary for several other public companies listed on the Main Market of Bursa Securities, which are principally involved in the manufacture and distribution of tin cans, aluminium cans and fast moving consumer goods, manufacture and trading of aluminium sheet foil products, property development and construction. Previously, she was the Manager-Group Secretarial of a management company serving a group of listed companies.</p> <p>Kwong Shuk Fong has extensive experience in receivership, liquidation, corporate recovery and reconstruction and company secretarial work having served in both the secretarial services and commercial sectors. Prior to joining the Company in May 2017, she was an Assistant Company Secretary of a public listed company which is involved in oil and gas, renewable energy, industrial trading and services.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on the Group's financial performance, status of major projects, future development, the quarterly or annual financial results, the minutes of preceding meetings of the Board and Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled. Meetings materials are circulated to the Board and Board Committees' members, 5 business days prior to their respective Meetings.</p> <p>The minutes of the said Meetings are circulated and confirmed as a correct record of the proceedings by the Board and Board Committees at their following respective meetings.</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 roles and responsibilities of the Board, Board Committees, Chairman, Managing Director, Executive Director, Non-Executive Directors, Independent Directors and Company Secretary are set out in the Board Charter. There is also a Schedule of Matters Reserved for Collective Decision of the Board in the Board Charter. The Board Charter serves as a source of reference and primary induction literature, providing insight to prospective Board members and the Senior Management.</p> <p>The Board Charter is subject to periodic review and updates by the Board whenever deemed necessary.</p> <p>The Board Charter is available on the Company's website at www.boxpak.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<p>There is in place the 'Directors Code of Best Practice' applicable to Directors which is set out in the Board Charter and 'The Code of Conduct' ("Code") which is applicable to employees of the Group. The Code contains policies and guidelines relating to the standards and ethics that all employees are expected to adhere in the course of their work. The procedures on the application of the policies referred to in the Code are set out in the Group's policies and procedures documents.</p> <p>The Code of Conduct defines rules of conduct and procedures covering, among others:</p> <ul style="list-style-type: none"> • compliance with rules and regulations; • conflict of interest; • confidentiality; • safeguarding of the Group's intellectual property and assets; • prevention of abuse of power • Insider trading; and • Anti-Corruption <p>The Code of Conduct is available on the Company's website at www.boxpak.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has in place a whistleblowing policy and procedures on whistleblowing.	
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 composition of the Board is as follows:</p> <ul style="list-style-type: none">➤ 1 Independent Non-Executive Chairman;➤ 4 Independent Non-Executive Directors;➤ 1 Non-Independent Non-Executive Director;➤ 1 Managing Director; and➤ 1 President cum Chief Executive Officer. <p>More than half of the Board comprises Independent Non-Executive Directors.</p> <p>The Directors with their differing background and specialisations collectively bring with them a wide range of experience and expertise in areas such as finance, accounting and audit, manufacturing, trading, economics, marketing, law, business development and investment. The profiles of all Board members are disclosed in the Profile of Directors section of the Annual Report 2019 on pages 14 to 16.</p> <p>The current composition of the Board reflects a good measure of objectivity and impartiality in order to ensure that the interest of the minority shareholders is not compromised.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>The Company has implemented a cumulative 9-year term limit for Independent Directors. After 9 years, such independent director may continue to serve on the Board subject to his re-designation to a non-independent director.</p> <p>The Board Charter has adopted Practice 4.2 of the MCCG to seek shareholders' approval annually in the event the Board desires to retain, as an independent director, a person who has served in that capacity for cumulatively more than 9 years but no more than 12 years.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The candidate for appointment to the Board as Directors is selected after taking into consideration, the structure, size, balance and composition of the Board including the required mix of skills, experience, core competencies and strength that would be relevant for the effective discharge of the Board’s responsibilities with due regard for diversity in age, cultural background knowledge and gender.</p> <p>The Nomination Committee (“NC”) is delegated with the responsibility of assessing and considering and recommending to the Board, suitable nominees for appointment as Directors and Senior Management, after taking into consideration, the candidates’ age, race, gender, background capabilities, expertise, experience, character, integrity, professionalism, time commitment and other factors that will best quality the candidates to serve on the Board of the Company. In the case of candidates for the position of Independent Non-Executive Directors, they must meet the independence criteria defined in the MMLR of Bursa Securities.</p> <p>Prior to consideration by the Board, the nominee is also required to declare his/her state of health, financial condition and to furnish details of any subsisting legal proceedings in which he/she is a party.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of Board diversity, including gender diversity, for the effective functioning of the Board.</p> <p>In November 2019, the NC agreed to come up with a proposed Board Diversity Policy for the Board's consideration and approval. The Board in February 2020 adopted the proposed Board Diversity Policy. The said Policy stipulates, among other things, that the NC will consider the benefit of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.</p> <p>The Company therefore aims to appoint and/or maintain at least 1 woman participation on the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>The NC, its November meeting in 2019, took cognizance of the non-existence of a formal Policy on Nomination and Assessment Process of Board members. In February 2020, the Board based on the recommendation of the NC, adopted a formal Policy on Nomination and Assessment Process of Board members which sets out the process and criteria for selection and assessment of potential candidates for election to the Board of the Company. It is specified in the said Policy that in identifying candidates for appointment as Director, the following approaches will be deployed in sourcing for Board candidates:</p> <ul style="list-style-type: none"> ➤ Referrals from Board members, management and major shareholders ➤ Directors' registry (e.g. Institute of Corporate Directors Malaysia) ➤ Industry and professional associations ➤ Independent search firms <p>The aforesaid Policy is to be practiced in conjunction with the Board Diversity Policy of the Company.</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 4.7

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 Tee Keng Hoon, the Senior Independent 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>In 2019, the NC undertook the evaluation to assess the Board, Board Committees and each individual Directors. The evaluation was conducted using the Board and Board Committee Evaluation Form, Directors' Evaluation Form and Independent Director Self-Assessment Checklist.</p> <p>The NC, after having conducted the above evaluation and assessment, concluded that:</p> <ul style="list-style-type: none">(i) all the 5 Independent Directors of the Company continued to demonstrate conduct and behavior that were essential indicators of their independence, and that each of them continued to fulfill the definition and criteria of independence as set out in the MMLR.(ii) each Director has the requisite competence and calibre to serve on the Board and Board Committee(s) and had demonstrated his commitment to the Company in terms of time, participation and dialogue during the current year under review.(iii) the Board and Board Committees' composition were adequate in number and there is a right mix of skills and knowledge on the Board as well as the Board Committees. Their respective responsibilities were well defined and set out in the Board Charter. The criteria in the MMLR that at least 1 of the members of the Audit and Risk Management Committee ("ARMC") must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR is met. The practices set out in the MCCG pertaining to the composition of the ARMC have also been adopted. <p>The Board members unanimously concurred with the above conclusions of the NC.</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	:	The Company has in place a Directors' Remuneration Policy aimed to create a strong performance-oriented environment, and to attract, develop and retain talent. The Directors' Remuneration Policy is available on the Company's website at www.boxpak.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 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's Terms of Reference is available on the Company's website at www.boxpak.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.1

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

Application :	Applied						
Explanation on application of the practice :	Each Directors' detailed remuneration for the financial year ended 31 December 2019 ("FYE 2019") is disclosed in Page 35 of the Annual Report 2019 under the CG Overview Statement.						
		Fees RM	Salaries RM	Bonuses RM	Statutory contributions⁽¹⁾ RM	Benefits⁽²⁾ RM	Total RM
	Executive Directors:						
	Yeoh Jin Hoe	66,000	540,000	135,000	80,100	43,500	864,600
	Chee Khay Leong	60,000	540,000	135,000	80,100	43,500	858,600
		126,000	1,080,000	270,000	160,200	87,000	1,723,200
	Non-Executive Directors:						
	Datuk Dr. Roslan Bin A. Ghaffar	78,000	-	-	-	43,500	121,500
	Gong Wooi Teik	90,000	-	-	-	43,500	133,500
	Tee Keng Hoon	90,000	-	-	-	43,500	133,500
	Tuan Ngah @ Syed Ahmad Bin Tuan Baru	90,000	-	-	-	43,500	133,500
	Tan Kim Seng	60,000	-	-	-	43,500	103,500
	Keith Christopher Yeoh Min Kit	66,000	-	-	-	43,500	109,500
		474,000	-	-	-	261,000	735,000
	Total	600,000	1,080,000	270,000	160,200	348,000	2,458,200
	<i>Notes:</i>						
	<i>(1) Statutory contributions comprised EIS, EPF and SOCSO.</i>						
	<i>(2) Benefits comprised meeting allowance and other allowances.</i>						

Explanation :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board considered the information of the remuneration of the top 5 Senior Management personnel to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts to attract and retain executive talent.	
		The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the disclosures of their remuneration in categories and bands of RM50,000.	
		The Board ensures that the remuneration of the Senior Management commensurate with the overall performance of the Group and the general economic situation, with due consideration to attract, retain and motivate Senior Management to lead and run the Group successfully.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the ARMC is Gong Wooi Teik while the Chairman of the Board is Datuk Dr. Roslan Bin A. Ghaffar.	
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 policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee is stipulated in the existing Terms of Reference of the ARMC.	
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 Company has in place the External Auditors' Assessment Policy and had carried out an annual assessment on the performance, suitability and independence of the external auditors based on the following 6 keys areas:</p> <ul style="list-style-type: none">(a) competence and quality of service;(b) sufficiency of resources;(c) ability to meet deadlines and responding to issues in a timely manner;(d) communication and interaction with the Management;(e) independence, objectivity and professionalism; and(f) whether there are any reprimand or sanction imposed by Audit Oversight Board. <p>The External Auditors' Assessment Policy is available on the Company's website at www.boxpak.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 composition of the ARMC of the Company is made up solely of Independent Directors. They are: <ol style="list-style-type: none">1. Gong Wooi Teik (Chairman)2. Tee Keng Hoon (member)3. Tuan Ngah @ Syed Ahmad Bin Tuan Baru (member)

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the ARMC possess the necessary skills to discharge their duties and are financially literate. The profile of the ARMC members, Gong Wooi Teik and Tee Keng Hoon are provided in Page 15 of the Annual Report 2019, while Tuan Ngah @ Syed Ahmad Bin Tuan Baru's profile is set out in Page 16.</p> <p>They attended seminars and training programmes to keep themselves abreast of the recent developments during the year 2019. The details of the programmes attended are disclosed in Page 42 of the Annual Report 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Group has in place an effective risk management and internal control framework to identify and assess the risks faced by the Group and thereafter, to implement and monitor appropriate internal controls to manage and mitigate those risks.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control on Page 48 of the Annual Report 2019.</p> <p>Key features of the risk management framework are:</p> <ul style="list-style-type: none"> (a) The Group has a Risk Management Working Group to assist the ARMC in establishing an enterprise risk management (“ERM”) framework; (b) The Risk Management Working Group comprises the President cum Chief Executive Officer, the Group Chief Financial Officer (as Chairperson), Non-Independent Non-Executive Director, Director-Group Executive Management Office and the General Manager of the respective Business Divisions; (c) The Risk Management Working Group will conduct an annual review of the ERM framework and its processes; (d) Any significant risk(s) that requires the Board's attention will be highlighted via Risk Management Working Group Report (“RMWGR”); (e) Key risks highlighted in RMWGR will be used by internal audit in developing internal audit plan; and (f) Internal audit will carry out a yearly review of the effectiveness of ERM framework and report to the ARMC.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Box-Pak Group's ("the Group") internal audit function is performed by the Group Internal Audit Department. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management and internal controls. The Internal Audit Manager has direct access to both the ARMC and the Chairman of the ARMC, and reports to the ARMC on a quarterly basis on all matters of internal control and audit.</p> <p>Details of the Internal Audit function are set out in the ARMC Report in Pages 45 and 49 of the Annual Report 2019.</p> <p>In FYE 2019, a Quality Assurance Review was carried out on the Group's Internal Audit function by a qualified independent consulting company. A report was provided in August 2019 to the Group. All recommendations made by the independent consultant have been taken into consideration by the Group's Internal Audit Department to upgrade themselves to conform to the Institute of Internal Auditors' International Professional Practices Framework and to meet the expectations of Management as well as the ARMC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Internal Audit Department governs itself by adhering to the Institute of Internal Auditors' International Professional Practices Framework ("IPPF"). In addition, the Group Internal Audit Department will maintain a quality assurance and improvement program that cover all aspects of the internal audit activity (including ongoing internal assessments and external assessments) in order to meet the IPPF standard requirements.</p> <p>The total number of auditors in the Group Internal Audit Department during the FYE 2019 was 6. Effort is underway to recruit additional auditors to cater for the business growth and expansion within the Group.</p> <p>None of the internal auditors has family relationship with any Director and/or major shareholder of the Company.</p> <p>The Internal Audit Manager, Chandran A/L Kottamuthu holds a Degree in Business Admin (Hons) from Universiti Utara Malaysia, Diploma in Planning and Strategic Management and is a Certified System Investigator ("CSI"). He has many years of internal audit experience working in the manufacturing and retail industries. He joined the Group in September 2010 and was transferred to holding company, Kian Joo Can Factory Berhad in April 2016, when the Internal Audit Departments of both Kian Joo Can Factory Berhad group and Box-Pak Group were consolidated. He was promoted as the Internal Audit Manager in January 2018 and functionally reports to the ARMC from September 2019 onwards.</p> <p>The Internal Audit function adopts a risk-based approach in developing its audit plan and addresses key audit areas of the Group based on their risk profile. Ad-hoc investigations and special reviews are also carried out when requested.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group's latest financial performance and material business/ corporate matters affecting the Company are made available to shareholders and investors through the Company's Annual Reports, the various disclosures and announcements made by the Company to Bursa Securities and the Company's website at www.boypak.com.my.</p> <p>The AGM provides the principal platform for dialogue and interactions with the shareholders on an annual basis.</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 MCGG.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<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	:	At least 28 days' notice period is given in respect of the Company's forthcoming Annual General Meeting ("AGM") to be held on 24 June 2020. The notice convening the said AGM is dated 21 May 2020.	
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 of the Company attended the previous AGM that was held on 21 May 2019. Barring unforeseen circumstances, all the Directors have confirmed their attendance for the forthcoming AGM which will be conducted fully virtual and live-streamed from the broadcast venue on 24 June 2020, The Board members who are also Chairman of the Board Committees have always present at the AGM to respond to questions raised by the shareholders if addressed to them.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company does not have a large number of shareholders and each year less than 100 shareholders attended its AGM. The AGM of the Company has always been held in accessible locations. The Company also leverages on technology and adopts electronic voting to facilitate general meeting proceedings and voting.</p> <p>The Company’s AGM in 2019 was held in Batu Caves, Selangor Darul Ehsan, a location which was easily accessible by the shareholders. Shareholders who were unable to attend and vote at the AGM were encouraged to submit the proxy forms to appoint their representatives to attend the AGM, which allowed them to vote in their absence.</p> <p>In view of the Covid-19 outbreak and having regard for the well-being and safety of our shareholders, the Company will be conducting its AGM in June 2020 fully virtual and through live-streaming from the broadcast venue. This allows shareholders to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, “participate”) remotely via the Remote Participation and Voting facilities provided by our Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor” or “TIIH”) through its TIIH Online website at https://tiih.online. The virtual AGM is in compliance with the Company’s Constitution, Companies Act 2016 and other legal requirements.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**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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