

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1902
COMPANY NAME : Pinehill Pacific Berhad
FINANCIAL YEAR : June 30, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 of Directors of Pinepac ("the Board") has an overall responsibility to manage the business and affairs of Pinehill Pacific Berhad ("the Company"). In order to ensure the effective discharge of the Board's functions and responsibilities, the Board has in place the Board Charter, and has established Board Committees (via the Audit, Remuneration and Nomination, and Risk Management Committees) with clear Terms of Reference for each 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	:	Y. Bhg. Dato' Ong Kim Hoay is the Independent Non-Executive Chairman of the Company, and the roles and responsibility of the Independent Non-Executive Chairman is stated in the Board Charter. The Chairman, with his vast experience and knowledge, is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group, and at the same time be guided by the independent advice and views from the Independent Directors, who offer the necessary checks and balances in the decision making process 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

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Independent Non-Executive Chairman and the Executive Director are exercised by different individuals. A clear segregation of their responsibilities and powers is stated and defined in the Company's Board Charter. Besides ensuring an appropriate balance of power and authority, the segregation of roles facilitates an open exchange of views and opinions between the Chairman and the Executive Directors in their deliberation of the business, strategies and key operations of the Group and ensure that no one individual has unfettered powers of decision making.</p> <p>The Chairman is responsible for the achievement of the Group's strategic vision and also for leading the Board in its collective oversight of the Company while the Executive Director focuses on the business and day-to-day management of the Group and implementation of the Board's decision.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by qualified and competent Company Secretaries namely Mr Tang Yow San (MIA 11019) and Ms Wong Youn Kim (MAICSA 7018778) who are responsible for ensuring that the Company's constitutions, procedures, policies and regulations are complied with. Additionally, the Company Secretaries also ensure that all obligations required by various regulatory bodies and the Listing requirements are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.
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>Unless otherwise agreed, the Board papers comprising of due notice of issues to be discussed and supporting information and documentations are provided to the Board at least seven (7) days before the date of the meeting. This is to ensure that the Directors are given sufficient time to read the Board papers and seek any clarification that they may need from Management or to consult the Company Secretaries or independent advisers before the Board Meetings, if necessary. This enables the Directors to discuss the issues effectively at board meetings.</p> <p>The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities, and is supplied with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties in a timely basis.</p> <p>All Directors have direct access to the advice and services of the Company Secretaries who are responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management teams from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management teams.</p> <p>The proceedings and relevant resolutions passed at the Board meeting are duly recorded by the Company Secretaries, and properly documented and filed in the Minutes Book maintained at the Registered Office of the Company.</p>
Explanation for departure :	

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

Intended Outcome

There is 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 Company has formalised and adopted a Board Charter which sets out a list of specific roles and functions which are reserved to the Board, and other significant matters that provides a basis for good corporate governance. The Board Charter is accessible through the Company's website at www.pinepac.com.my and will be reviewed annually to ensure it remains consistent with the Board's objectives, responsibilities and practices.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board has established a Code of Ethics for the Directors whilst all employees have been provided with the employees' Code of Ethics for their reference. The detailed Employees Code of Ethics is available in the Company's website at www.pinepac.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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has formalised a whistleblowing policy in 2013, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements, as well as other malpractices.</p> <p>The main objectives of the policy are:</p> <ul style="list-style-type: none"> i) Be committed to the Company’s business ethics of Honesty, Integrity and Transparency; ii) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders. <p>Further details pertaining to the Whistle-blowing Policy can be found via the Company’s website at www.pinepac.com.my</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Board currently consists of one Independent Non-Executive Chairman, one Executive Director, three Independent Non-Executive Directors, and one Non-Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Dato' Ong Kim Hoay and Dato' Nik Mohd Amin Bin Nik Abu Bakar, Independent Directors of the Company had served the Company for more than twelve (12) years. Given that the two-tier voting has yet to be adopted by the Company, the Board recommends that a single tier shareholders' approval be sought at Company's forthcoming AGM for Dato' Ong Kim Hoay and Dato' Nik Mohd Amin Bin Nik Abu Bakar, to continue as Independent Directors of the Company.</p> <p>The Board has conducted an extensive review and is of the opinion that the Directors have satisfactorily demonstrated that they are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. The Board, therefore, recommends and supports the proposals to retain the said Directors as Independent Non-Executive Directors of the Company for a single tier shareholders' approval at the Company's forthcoming AGM. Detailed justifications for retaining the Directors as Independent Directors are as follows:</p> <ul style="list-style-type: none">(a) They have met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements;(b) They have the capacity to defend their views without any influence of Management and have retained independence of character and judgment;(c) They understand the businesses of the Group, the operating

	<p>environment and challenges and therefore are able to contribute positively during deliberations/discussions at meetings; and</p> <p>(d) They devote time and commitment to attend to the performance of the functions and duties as Independent Non-Executive directors, including attendance at Board and Board's Committee meetings.</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<p>Measure</p>	<p>: Notwithstanding new developments that may occur regarding the two-tier voting system, the Company will take steps to review and assess the unique feature prescribed by MCCG as the prescription is a variation to usual notion of shareholders' voting rights and passing of resolutions.</p>		
<p>Timeframe</p>	<p>: <table border="1" data-bbox="528 875 1396 967"> <tr> <td data-bbox="528 875 948 967"></td> <td data-bbox="948 875 1396 967"></td> </tr> </table></p>		

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	:	Taking cognisance of the values of human capital and talent management in the growth and sustainability of the Group, the Independent Non-Executive Chairman and the Executive Director are responsible for the identification and development of the key Senior Management, as well as to review the succession planning for key management team from time to time. The Chairman and Executive Director shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who may be suitable or through organisations that may be able to assist in the recruitment process. In selecting the appropriate candidates, the Chairman and Executive Director take into account the candidate's qualification, experience, competence and character. Newly appointed key senior management will have to undergo induction training and/or any other programs.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is aware of the gender diversity policy as set out in Practice 4.4 of the Malaysian Code on Corporate Governance 2017 ("the Code"). When appointing a Director, the Remuneration and Nomination Committee with the Board, would always evaluate and match the criteria of the candidate to the Board based on experience, skill, competency, knowledge and potential contribution, whilst the Practice 4.4 of the Code would also be given due consideration for boardroom diversity.</p> <p>The Remuneration and Nomination Committee will continue to take the necessary steps to ensure that gender, age, and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration and Nomination Committee, which is responsible for identifying and recommending suitable candidates for Board membership, does have the liberty to rely on external opinions and services for such recommendations.</p> <p>Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the Remuneration and Nomination Committee. Potential candidates may be proposed by any current Board member, shareholder or senior management personnel or by utilising independent sources such as recruitment firms or through industry associations. In considering potential candidates for appointment, the Remuneration and Nomination undertakes a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Remuneration and Nomination Committee is chaired by Dato' Nik Mohd Amin Bin Nik Abu Bakar, an Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	The Remuneration and Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors, in order to verify that the Board is functioning appropriately as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 policy is specified in the Terms of Reference of the Remuneration and Nomination Committee and has been approved by the Board and duly adopted by the Remuneration and Nomination Committee. The said policy is stated in the terms of reference of the Remuneration and Nomination Committee and is made available for viewing via the Company's website at www.pinepac.com.my . The objective of the Group's policy on Directors' remuneration is to ensure that the Group attracts and retains Directors of the calibre necessary to run the Group successfully, relevant to the achievement of the Group's strategic objectives and at the same time protect the interest of 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

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 Remuneration and Nomination Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration and Nomination Committee are stated in its Terms Of Reference which is available on the Company's website at www.pinepac.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The information on the remuneration of each Director is disclosed in on page 29 of the Annual Report 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

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>For confidentiality and security reasons, the Board is of the view that it is not in the best interest of the Group to disclose details of the top five senior management's remuneration. The total remuneration paid to each senior management reflects the time and effort devoted to fulfil his or her responsibilities on the Company and linked to the Group's performance.</p> <p>The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately disclosed in the audited financial statement.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Independent Non-Executive Chairman of the Board is Y. Bhg. Dato' Ong Kim Hoay while the Chairman of the Audit Committee is Mr. Bala Krishnan Ponniah and they are not related to one another.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee has a policy requiring a former key audit partner of the Company to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.</p> <p>Currently, none of the Audit Committee members are former key audit partners of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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 an annual assessment of the suitability and independence of the external auditors and the level of non-audit services to be rendered by the External Auditors to the Company for Financial Year ended 30 June 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

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 members of the Audit Committee comprise solely of Independent Non-Executive Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Members of the Audit Committee attend trainings and seminars to keep them updated on developments on financial standards.</p> <p>The Audit Committee will on continuing basis evaluate and determine the training needs of each member of the Audit Committee, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the members of the Audit Committee to effectively discharge their duties.</p> <p>In addition to the above, members of the Audit Committee would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committee 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

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has undertaken a review on the adequacy and effectiveness of the risk management and internal control system which comprise the respective framework, management processes and monitoring processes.</p> <p>There is an on-going process in place to identify, evaluate, monitor and manage key risks faced by the Group and the Board reviews the key risks highlighted to ensure the relevant action is taken to mitigate the risk of the Group to safeguard shareholders' investment and Group's assets, and this said process is monitored by the Risk Management Committee.</p> <p>The Group continues to take measures to enhance and strengthen the internal control environment.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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	:	Applied and disclosed in detail in the Statement on Risk Management and Internal Control as found on Pages 32 to 33 of the Annual Report 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

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	:	<p>The Board acknowledges its overall responsibility to maintain effective governance, risk management and compliance framework. Supported by the Internal Auditor and the Risk Management Committee, the Board ensures the adequacy and effectiveness of the Group's risk management and internal control practices. The Board is responsible to ensure that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Group.</p> <p>The Risk Management Committee assists the Board to oversee and review the effectiveness of the Group's risk management and internal control systems. To facilitate effective monitoring, the Board receives reports from the Internal Auditor and the Executive Director on any risks related to its business activities that have impacted or is likely to impact the Company from achieving its objectives and strategies.</p> <p>Details of the Group's risk management and internal control framework are presented in the Statement on Risk Management and Internal Control of the 2020 Annual Report.</p> <p>Full details of the Terms of Reference of the Risk Management Committee can be found via the Company's website at www.pinepac.com.my.</p>

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is supported by an outsourced Internal Auditor which reports directly to the Audit Committee and is independent of the activities it audits, who reports to the Audit Committee and assist the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.</p> <p>The regular internal audit carried out on the Group provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.</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>Internal Auditor is responsible to provide an independent evaluation and review of the adequacy and effectiveness of the internal control system, governance and operational control processes within the Group and its adherence to established policies, procedures and standards, and statutory requirements; and where necessary, to provide recommendations for improvements in controls to the existing systems and work processes which is governed by International Standards for the Professional Practice of Internal Auditing (Standards).</p> <p>In attaining such objectives, the following activities were carried out by the internal auditor during the financial year ended 30 June 2020:</p> <p>(1) ascertained the extent of compliance with established policies, procedures and statutory requirements;</p> <p>(2) recommended improvements to the existing system of controls based on weaknesses noted in the course of their audit and the Management’s response thereto; and</p> <p>(3) identified opportunities to improve the operations of and processes within the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board endeavours to provide timely disclosures to shareholders and all timely disclosure to shareholders and all required/material announcements will be released immediately to Bursa Securities when matters are triggered in accordance with the Listing Requirements and applicable regulations. Other means is the Annual General Meeting.</p> <p>The Company actively promotes active engagement and communications with its shareholders and stakeholders through the following channels:-</p> <ul style="list-style-type: none">• issuance of its Annual Report• release of financial results on a quarterly basis• announcements to Bursa Securities• the Company's website at www.pinepac.com.my <p>The Board has identified K. Selveswaran Kanagaratnam, Executive Director and Tang Yow San, Executive Vice President-Group Finance & Corporate being persons to contacts for investor relation matters.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Company is not a Large Company as defined by the Malaysian Code on Corporate Governance 2017.
	:	The Company will consider adopting integrated reporting if the Directors opine that benefits of the said method of adoption outweigh the cost.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Notice of AGM with the detailed Agenda therein was issued 28 days before AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	All the Directors of the Company have been briefed on the importance of their attendance at the Company's forthcoming Ninety-Eighth Annual General Meeting. The Chairman of all the Board Committees are well informed that questions relating to their designated Committee under their purview must be addressed satisfactorily by 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>It is the Company's intention to leverage on technology to facilitate greater shareholders' participation in General Meetings.</p> <p>In view of the Covid-19 pandemic and the Recovery Movement Control Order (RMCO) issued by the Government of Malaysia, the Board has authorised the Company to conduct a fully virtual meeting for the Company's forthcoming Ninety-Eighth Annual General Meeting that is to be held on 30 November 2020.</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
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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