



CORPORATE GOVERNANCE REPORT

STOCK CODE : 7029
COMPANY NAME : MASTER-PACK GROUP BERHAD
FINANCIAL YEAR : 31 DECEMBER 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIA CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO 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 MALAYSIA 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	:	<p>The Board of Directors (“Board”) plays a pivotal role in the stewardship of the Company and its subsidiaries (collectively “the Group”) and is responsible for meeting the objectives and goals of the company.</p> <p>In order to effectively discharge off its functions and responsibilities, the Board had delegated specific powers to relevant board committees and to the Group Executive Chairman / CEO. The Board Committees comprise of three governance committees i.e. Audit Committee, Nominating Committee and Remuneration Committee. In addition, a subcommittee reporting to the Audit Committee namely the Risk Management and Sustainability Committee is tasked with the responsibility of risk management and internal control.</p> <p>In discharging its duties and responsibilities, the Board is governed by the Board Charter which guides, regulates and delineates clearly relevant matters reserved for the Board’s approval. Other than matters reserved for the Board, the rest are the responsibility of the management.</p> <p>Board members play an active role in reviewing management proposals before a decision is made. For example during the year, management showed the board members video recordings of the proposed capital expenditure. The video recordings enable the non-executive board members to visualize the improvements between the new and the old processing methods. Return on capital investment and cost of financing are tabled for discussion and was later approved. Subsequently the board was taken on site to view the said asset which is fully operational.</p> <p>The Board through the Nominating Committee evaluates the contributions and competencies of the individual board members and that the independent directors are independent from Management and are free from any business dealings or relationships with the Group which could reasonably be perceived to materially interfere with the exercise of their independent judgment. The Nominating Committee also assess the Audit Committee as a whole to ensure that the Audit Committee have objectively and responsibly performed their duties in accordance to the Audit Committee’s Terms of Reference. The</p>



	<p>Nominating Committee also encouraged members of the Board to continuously update their knowledge to keep themselves abreast with the latest regulations. A list of trainings attended by the Board in the year 2017 duly reviewed by the Committee is available at www.master.net.my/ab_bod.htm</p> <p>The Remuneration Committee assists the board in reviewing the remuneration package of the Non-Independent Executive Chairman. The Remuneration Committee also reviews the directors’ fees and benefits payable, subject to the Board’s approval and the approval of the shareholders at the forthcoming AGM.</p> <p>The Audit Committee with the help of the internal and external auditor as well as the Risk Management and Sustainability Committee are responsible for implementing the appropriate systems of internal control to manage identified principal risks and ensure that all the systems are working effectively. In addition, the committee is also responsible to ensure that the Company complies with specified financial standards, disclosure policies as required by Bursa as well as encourage high corporate governance practices.</p> <p>Each Board member is entitled to obtain independent professional advice at the cost of the Company as per Board Charter. They are given unrestricted access to the Group’s management, Company Secretary, external and internal auditors.</p> <p>The Executive Director, Mr. Sim Poh Lai is not a board member and has no relationship to any board members or major shareholder of the company. The shareholding of the company held by the Executive Director does not exceed 1%. The Executive Director is responsible for the day to day management of the business and operations of the Group.</p> <p>Other than as specifically reserved for the Board’s collective decision, the responsibility of managing the Group’s business activities is carried out by the Executive Committee comprising Executive Director, General Manager as well as various Heads of Department led by the Executive Chairman.</p> <p>In 2017 and early 2018, the Board had conducted a review and updated its governance documentation such as the Board Charter, Audit Committee Terms of Reference, the Nominating Committee Terms of Reference, Remuneration Committee Terms of Reference including the Business Code of Conduct accompanied with the Whistleblowing policy .</p>
Departure	:
Measure	:
Timeframe	:



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	:	<p>The Chairman represents the Board to the shareholders. He or she is responsible for ensuring the integrity and effectiveness of the governance process of the Board.</p> <p>The Chairman with the assistance of the Company Secretary sets the board agenda for each pre-scheduled board meetings as set at the end of each year.</p> <p>Materials for the board meetings are distributed to the board members at least 5 to 7 working days before the schedule meetings. This gives the board members adequate time for thorough deliberation of the board meeting materials.</p> <p>At the meeting, the Chairman leads the meeting pace and discussion in an effective manner. He facilitates the Board Meetings to ensure no individual member dominates discussion and that relevant opinions amongst Board members are forthcoming.</p> <p>The Chairman also acts as a conduit ensuring smooth discussions between the senior management and the Non-executive Board members.</p> <p>The excellent leadership of the Chairman is acknowledged by his consistent high ratings by the remaining five members of the Board in the peer assessment of the board members in the annual Board Effectiveness Evaluation.</p> <p>The Chairman is also the elected spokesperson representing the Board at the Annual General Meeting and shall answer to questions posed by the shareholders and the media.</p>
Departure	:	
Measure	:	
Timeframe	:	

**Practice 1.3**

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

Application	:	Applied
Explanation	:	<p>The Board consists of only one Executive Chairman and five other Non-Executive Directors out of which four are Independent Non-Executive Directors. In view of a majority (4/6) of Independent Directors on our Board, the balance of power and authority of the Board is not compromised by the combined roles of Executive Chairman and CEO held by Dato' Syed Mohamad bin Syed Murtaza.</p> <p>Although designated as CEO, Dato Syed does not spend full time overseeing to the daily operations of the business. The duties and the responsibility of spearheading the business and the day to day management of company are carried out by the Executive Director. The Executive Director, Mr. Sim Poh Lai is not a board member and has no relationship to any board members or major shareholder of the company.</p> <p>Other than as specifically reserved for the Board's collective decision, the responsibility of managing the Group's business activities is carried out by the Executive Committee comprising Executive Director, General Manager as well as various Heads of Department led by the Executive Chairman.</p> <p>In addition, Mr. Chew Hock Lin has been assigned as Senior Independent Director where matters which require objective and independent deliberation can be referred to, should the need arise.</p>
Departure	:	
Measure	:	
Timeframe	:	

**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	:	<p>The Company uses an out-sourced secretarial services firm which provides the company with two named Company Secretary that meets the qualified requisites to act as Company Secretary in accordance with S235 and 236(3) of the Companies Act 2016. The Group benefits from the professional compliance and corporate governance advisory provided by the professional secretaries who are both knowledgeable and experienced.</p> <p>The Company Secretary emails notices of committee and board meetings and updates the board members on the circulars received from Bursa Malaysia Securities Berhad and Securities Commission promptly. The Company Secretary attends all Board and Committee meetings and ensures that meetings are properly convened, proceedings including resolutions are properly and accurately recorded and the statutory register is properly maintained at the registered office of the Company.</p> <p>The Personal Assistant to the Chairman acts as co-ordinator to liaise with the Company Secretary on behalf of the group on matters that requires secretarial services such as drafting of resolutions, filing annual returns and drafting announcements. The Company Secretary also helps to review the contents of the annual report to ensure in compliance with MCCG 3rd edition as well as the LR once the compilation is completed by the Executive Office.</p> <p>Attendance and minutes of all Board and Committee meetings are properly recorded and kept by the Company Secretaries. The Company Secretaries ensure that deliberations at Board and Board Committee meetings are well documented.</p> <p>For annual general meetings, the Company Secretaries play an important role in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretary will assists the Chairman and the Board to conduct the meeting and ensure minutes are properly recorded, particularly the questions raised by the shareholders.</p>
Departure	:	
Measure	:	
Timeframe	:	

**Practice 1.5**

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

Application	:	Applied
Explanation	:	<p>The Committee and Board meetings for the ensuing year are scheduled well in advance before the end of the current financial year so that all Directors are able to plan ahead the next year's Board and Committee Meetings into their respective meeting schedules. There were five pre-scheduled board meetings planned and a total of six board meetings were held for the year 2017.</p> <p>To facilitate productive and meaningful deliberations, the proceedings of the Board and Committee meetings are conducted in accordance with a structured agenda. The setting of committee and the board agendas are as advised by the Company Secretary with additional input from the Chairman of the Board of Directors as well as the Chairman of the respective Committees.</p> <p>The following are an extract of the agenda reviewed, deliberated and approved during the Board meetings during 2017:-</p> <ol style="list-style-type: none">i. Approved the quarterly unaudited financial statements;ii. Approved the annual budget including slides presentation ;iii. Reviewed the risk management framework and the internal controls;iv. Reviewed the reports of internal and external audits;v. Reviewed the performance of the Audit Committee as a whole and it has performed all duties in accordance to the Audit Committee Terms of Reference;vi. Reviewed the Recurrent Related Party Transactions of a Revenue or Trading Nature;vii. Approved capital expenditure above RM1 Million and subsequently inspected the production efficiency of the capital expenditure;viii. The Non-Executive Directors deliberated and approved on the Remuneration of the Executive Chairman;ix. The Non-Executive Directors contributed to the formulation and approval of policies in Ethics and Business Code of Conduct;x. Reviewed the revised and updated Board Charter in August 2017xi. Reviewed the revised Nominating Terms of Reference in March 2017xii. Draft announcements to be released via Bursa Link <p>Notice of Board meetings are sent to the Directors via email at least seven working days prior to the meeting.</p> <p>The materials of the board and committee meetings in accordance with the agenda are co-ordinated, compiled and sent by the company's Executive Office to all members of the respective meetings. During the year 2017, the board of directors and committee members received complete materials for the Audit, Nominating, Remuneration Committees and Board meetings within 5 to 7 working days before the respectively pre-scheduled meetings are held.</p> <p>The Company Secretary will also prompt the board members at the start of the Audit Committee Meeting agenda discussing related party transactions to abstain from voting.</p>



		MCCG 3 rd Edition recommends that the company secretary circulate the draft minutes of meeting within 14 days after the conclusion of the committee and board meetings. However during 2017 this recommended time span for circulation of minutes had not been practised. The Company secretarial firm will endeavour to improve in the ensuing year.
Departure	:	
Measure	:	
Timeframe	:	



INTENDED OUTCOME 2.0

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	:	<p>The board has a board charter and it is published on the company’s website www.master.net.my/ir_roles.htm.</p> <p>The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions and this is formally documented in the company’s Board Charter. The Board Charter guides, regulates and reminds all Board members of their duties and responsibilities on the various regulations affecting their conduct and dealings as Board members of the Company. The Board Charter was adopted in 2012 and revised on August 2017 to ensure that the Board’s objectives are aligned with the latest regulations.</p> <p>The fiduciary duties, principal roles and responsibilities of the Board are broadly categorized into six sections:-</p> <ol style="list-style-type: none"> I. Strategy, II. Risk Management and Internal Controls III. Investor Relations and Shareholders Communications IV. Sustainability V. Corporate Governance VI. Succession Planning <p>The Board Charter also outlines the board’s composition and balance, the procedure of board meetings, the roles of the Chairman, Executive Director as well as the Independent Director.</p> <p>The schedule reserved for Board’s collective decision with limits is recorded in Appendix A of the Board Charter.</p>
Departure	:	
Measure	:	
Timeframe	:	



INTENDED OUTCOME 3.0

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	:	<p>The Code of Conduct and Ethics is published on the company’s website www.master.net.my/ir_code_of_business_conduct.htm.</p> <p>In 2017, the Board approved the revised Master-Pack -Business Code of Conduct (the “Code”) and have, gone a step further to translate the “Code” to Bahasa Melayu to ease the understanding of all ranking employees. With “the Code” it provides guidance on the ethical conduct expected by all in the Master-Pack Group starting from the Board of Directors to the most junior employee.</p> <p>The Board of Directors and the Department Heads of the Group have signed the integrity pledge to uphold “The Code”. Each department head is responsible to explain and guide the employees under their care, the ethical practices in performing their duties whilst in the Company’s employment. The English edition of the Code is available in the website and the Bahasa Melayu edition of the Code is pinned up on the Employee’s Information Board.</p> <p>At the induction of a new recruit, basic ethics of conduct and practices are explained to the new employee. The Company Handbook also contains behaviours which the company considers misconduct.</p> <p>An extract of topics covered in the Master-Pack -Business Code of Conduct are:</p> <ul style="list-style-type: none"> • Donation / Sponsorship • Gifts / Entertainment • Maintaining Confidentiality • Bribery and anti-corruption <p>The updated 2017 of the Code of Conduct and Ethics elaborated on bribery and anti-corruption, the awareness of material, non- public information disclosures and maintaining confidentiality.</p>
Departure	:	
Measure	:	
Timeframe	:	

**Practice 3.2**

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

Application	:	Applied
Explanation	:	<p>The Whistleblowing Policy has also been reviewed and revised in 2017. Included in the policy are the procedure, the forms and the independent persons to which report on any suspected wrongdoing maybe reported for further investigation.</p> <p>The Whistleblowing Policy is available in both the English and Bahasa Melayu languages. The English edition of the policy is available in the website www.master.net.my/ir_code_of_business_conduct.htm and the Bahasa Melayu edition of the policy is pinned up on the Employee's Information Board.</p> <p>The whistle-blower can address his/her complaints to Group Executive Chairman office or the Senior Independent Director via email directly.</p>
Departure	:	
Measure	:	
Timeframe	:	



INTENDED OUTCOME 4.0

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 majority independent directors.

Application	:	Applied.
Explanation	:	<p>Currently, the Board consists of six members, comprising four Independent and Non-Executive Directors, one Non-independent Non-Executive Director and one Executive Chairman. As such 4 out of 6 board members meets the criteria that majority of the board are independent directors.</p> <p>The size and composition of the Board is adequate to provide for a diversity of views to facilitate effective decision making and providing appropriate balance of executive, independent and non-independent directors. The biographical details of all the Directors are in the company website www.master.net.my/ab_bod.htm.</p> <p>All the six Board members possess varied experience, fair knowledge, complementary skills and are of diverse competencies as shown in the matrix of mix and skill set diversity in the annual report.</p> <p>The contributions of directors with diverse backgrounds as mentioned above are beneficial to the group as there is greater checks and balances in the deliberations of any decision made. The company also practices two private sessions with the external auditors and one private session with the internal auditors without the presence of the executive directors and management during the year 2017. The private session provides an opportunity for the independent directors to share concerns and exchange views with the internal and external auditors without the presence of the management.</p> <p>In addition, the four Independent Directors do not hold directorships in any company within the group and thus the objectivity of these directors are not compromised.</p> <p>All Independent Directors had given confirmations on a quarterly basis during 2017 to the Board that there are no transactions entered into with the Group which involves his/her interest whether direct or indirect during the period. In the fourth quarter of 2017, the Independent Directors had also given a declaration that they are independent from management and free from any business or other relationship which could materially interfere with the exercise of their objectivity and independent judgements, decisions and reviews.</p>
Departure	:	
Measure	:	
Timeframe	:	

**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 continue to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process

Application	:	Applied
Explanation	:	<p>An annual independency assessment covering a list of questions on independency, including a self-declaration of any involvement or relation which could interfere with an independent judgement or ability to act in the best interests of the company was carried out for the year 2017.</p> <p>Moreover, the Independent Non-Executive Directors did not participate in any business dealings or the daily management or are involve in any other relationships with the Company. The Board is satisfied that all of the Board members are not related to each other and the 4 Independent Non-Executive Directors had continued to perform their fiduciary duties without being subjected to undue influence.</p> <p>During the year 2017, the Independent Directors had actively provided valuable input in developing the revised Business Code of Ethics, Board Charter and the Terms of Reference of the Audit, Nominating and Remuneration Committees. They have been able to apply their business acumen and specialise knowledge in the assessment of risk appetite with its accompanying internal controls during discussion with the Risk Working Committee.</p> <p>The Directors' commitment in carrying out their duties and responsibilities is affirmed by the attendance at meetings and official functions.</p> <p>The Company shall be seeking the shareholders' approval in a two tier voting process as advocated by the 2016 Malaysian Code of Corporate Governance in the coming 24th Annual General Meeting.</p>
Departure	:	
Measure	:	
Timeframe	:	

Practice 4.3 Step Up

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

Application	:	Applied
Explanation	:	The Company is not a Large Company and has not applied this step up



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	:	<p>Prior to the selection of candidate to the Board, the Nominating Committee will review and consider the proposed candidates' :-</p> <ul style="list-style-type: none">- skills, knowledge, expertise and experience;- professionalism;- integrity;- gender diversity;- time commitment to at least attend 4 out of 5 board meetings as well as competing time commitments if the candidate also holds other directorship ;- consideration as to the representation of the interest groups;- assess the desirable numbers to balance Board membership, with due consideration to the structure, development and succession planning- in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidate's ability to discharge such responsibilities as expected from independent non-executive directors. <p>This is clearly documented in the Terms of Reference of the Nominating Committee.</p> <p>The Group adopts a policy where priority is given to internal talent to fill management vacancies before advertising externally. Potential external candidates are then assessed along the same guidelines as used for the selection of a potential board candidate.</p>
Departure	:	
Measure	:	
Timeframe	:	



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	:	<p>The existing size and composition of the Board is adequate to provide for a diversity of views to facilitate decision making as well as providing appropriate balance of executive, independent and non-independent directors. Currently there is 17% women director on the Board of the Company.</p> <p>The Board does not have a formalised policy on boardroom gender diversity but keeps an open mind to appointing eligible women candidates as candidates are nominated and selected based on key competencies, knowledge and experience to further strengthen the board composition.</p> <p>The following is the Boardroom Gender, Ethnicity and Age</p> <table border="1"> <thead> <tr> <th></th> <th>40 to 50 years</th> <th>50 to 60 years</th> <th>60 to 70 years</th> <th>Above 70 years</th> </tr> </thead> <tbody> <tr> <td>Bumiputra</td> <td>1 (F)</td> <td>1 (M)</td> <td>1(M)</td> <td>1 (M)</td> </tr> <tr> <td>Chinese</td> <td></td> <td></td> <td></td> <td>2 (M)</td> </tr> </tbody> </table> <p>F – female M - male</p> <p>The Company practices a policy of emphasizing on the capability of an employee rather than gender. This has given employees in the Group’s work force the confidence to excel in their individual fields of expertise. The Group exceeds the target of at least 30% women in leadership position. The Gender, Ethnicity and Age by levels of management can be found on page 13 and 14 in Sustainability Report.</p> <p>The Company is not a Large Company and need not meet the target of at least 30% women directors target.</p>		40 to 50 years	50 to 60 years	60 to 70 years	Above 70 years	Bumiputra	1 (F)	1 (M)	1(M)	1 (M)	Chinese				2 (M)
	40 to 50 years	50 to 60 years	60 to 70 years	Above 70 years													
Bumiputra	1 (F)	1 (M)	1(M)	1 (M)													
Chinese				2 (M)													
Departure	:																
Measure	:																
Timeframe	:																

**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	:	<p>In identifying candidates for appointment of directors, the Nominating Committee selection criteria are as mentioned in 4.4 above. The Nominating Committee shall seek access to a wide selection of candidates beyond referrals from directors, shareholders and management when the need arise.</p> <p>The size and composition of the Board is adequate for the year 2017 and as such the Nominating Committee did not recommend increasing the board size.</p>
Departure	:	
Measure	:	
Timeframe	:	

Practice 4.7

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

Application	:	Applied
Explanation	:	<p>The Nominating Committee comprises exclusively of Non-Executive Directors and all members are Independent Directors. The members are:</p> <p>Mr. Chew Hock Lin (Senior Independent Non- Executive Director, Chairman) Encik Aminuddin bin Saad (Independent Non-Executive Director) Dr, Junid Bin Abu Saham (Independent Non-Executive Director)</p> <p>Mr. Chew has also been assigned as the spoke-person, to whom concerns in relation to the Company may be conveyed at the email mpgb@master.net.my. He is also available for shareholders to meet and view their concerns and opinions at the beginning of our Annual General Meeting.</p> <p>In addition he also acts as the intermediary for other Directors who may have concerns which they believe may not be appropriate to raise in open forum with Chairman directly. He continues to act as an independent point of contact as mention in the whistleblowing policy.</p>
Departure	:	
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	:	<p>Two weeks prior to the Nominating Committee Meeting held on 24 November 2017, several evaluation forms were sent out to all the directors. The duly completed evaluation forms received from all directors were then compiled by the Company Secretary into reports and tabled before the Nominating Committee for discussion and consideration. As the company is not a large company, the board need not engage independent experts to facilitate the board evaluations.</p> <p>The criteria's included in the evaluation form for Independent Directors covers a list of questions on independency, quality and value of contributions, ability to diplomatically and convincingly listen and voice their views including an independent self-declaration of any involvement or relation which could interfere with an independent judgement or ability to act in the best interests of the company.</p> <p>Self and Peer evaluation form is to assess the contribution of each individual board member's contribution to the board in terms of personality and working relationship with peers, company secretary and management, bringing his/ her knowledge and experience to the agenda discussed at the quarterly meetings, devotes sufficient time to be prepared for the board meeting, able to voice his/ her opinion in non-confrontational and comprehensive manner and effectively communicates with the shareholders at the annual general meetings. Peer evaluation of a single director is the cumulative average ratings compiled from the evaluation forms of the remaining five board members and in the year 2017, all individual members of the board were found to be performing well.</p> <p>Evaluation forms for Board and Board Committees covers the board structure, board operations, board roles and responsibilities, board chairman's role and responsibilities the performance of the board committees. The forms used were as recommended by the MCGG.</p> <p>The evaluation form for the Performance of the Audit Committee as a whole assesses the Audit Committee members understanding of the Audit Committee Terms of Reference. The results of the evaluation have shown that with the help of the out-source internal, external auditors, Audit Committee and the Risk Management & Sustainability Committee were able to give the Board the assurance on risk management and internal control.</p>
Departure	:	
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	:	<p>The Group has a Compensation and Employment Manual, of which policies relating to remuneration, benefits-in-kind as well as terms of employment are structured in accordance with each management ranking. The policies are reviewed on a periodic basis.</p> <p>In order to retain talent, the components of the remuneration are structured to link rewards to group financial performance and individual performance taking into consideration the complexities and the responsibilities undertaken during the period under review. There is no gender inequality in terms of remuneration package.</p> <p>The Board of Directors as a whole determines the remuneration of the Non-Executive Directors. However, the level of remuneration received by each Non-Executive is generally determined by the extent of responsibilities undertaken by the respective Non-Executive Director.</p> <p>The Remuneration of the Executive Director is reviewed by the Remuneration Committee and approved at Board level. The Executive Director did not participate in the deliberation of his remuneration.</p> <p>The director’s fees and benefits are tabled in the 23rd Annual General Meeting and put to vote by the shareholders as required under the Companies Act 2016. Detailed disclosures on named basis for the remuneration of individual directors are stated in the Corporate Governance Overview Statement in page 31 of the annual report.</p>
Departure	:	
Measure	:	
Timeframe	:	

**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	:	<p>The Board has established a Remuneration Committee comprising directors, all whom are Independent and Non-Executive Directors; namely Mr. Chew Hock Lin (Chairman), Encik Aminuddin bin Saad and Dr. Junid bin Abu Saham. The Remuneration Committee has a written Terms of Reference (www.master.net.my/ir_remuneration_committee.htm) which has been updated in March 2018. The Remuneration Committee is tasked to review the remuneration package of the Executive Director/ Chairman and the senior management.</p> <p>For the year 2017, The Remuneration Committee met twice in 27 February and 24 November 2017 to review the remuneration package for the Executive Chairman and the Non-executive Directors.</p> <p>The review compares a proposed remuneration package of the Executive Director/ Chairman for the next calendar year compared to the existing remuneration. It also takes into consideration any additional responsibilities in connection to the business strategy for the ensuing year. The Remuneration Committee members took note that for the year 2017, the Executive Director/ Chairman did not utilised company perks offered such as a club membership, first class travelling and claims for travelling allowances.</p> <p>The remuneration package for the Executive Chairman and senior management was recommended by the Remuneration Committee to the Board for approval.</p> <p>The Executive Chairman and senior management did not participate in the deliberation and approval of the remuneration</p>
Departure	:	
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 director includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation	:	<p>The Remuneration Committee held its meetings on 27 February and 24 November 2017 to review the remuneration package of the Executive Chairman / Directors.</p> <p>This is to ensure the remuneration packages offered are in line with the group policies and can attract or retain Executive Chairman / Directors who contribute to the success of the Group.</p> <p>Detailed disclosure on named basis for the remuneration of individual directors detailing fees, salary, bonus and other emoluments are stated in page 31 of the Corporate Governance Overview Statement in the Annual Report.</p> <p>The Board as a whole determines the remuneration of the Non-Executive Directors. However, the level of the remuneration received by each Non-Executive Director is generally determined by the extent of responsibilities undertaken by the respective Non-Executive Director.</p> <p>Benefits excluding director fees payable to board members from 31 January 2017 to latest practicable date are also shown in page 32 of the Corporate Governance Overview Statement in the Annual Report.</p>
Departure	:	
Measure	:	
Timeframe	:	

**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	:	Applied
Explanation	:	<p>The Group has a very small top management team i.e. only three directors in the Group subsidiaries excluding the Executive Chairman. As such, the disclosure in page 32 of the Corporate Governance Overview Statement in the Annual Report for top senior management in bands of RM50,000 is only for three persons.</p> <p>The board has identified that disclosure in detailed components including salary, bonus, benefits-in-kind and other emoluments for the three top senior management as very high risk. Such disclosure would place the Company in a vulnerable position for competitors to poach its experienced and valuable employees.</p> <p>In the Corporate Governance Overview Statement, the remuneration disclosed in page 32 in the Annual Report for the three top senior management in bands of RM50,000 includes salary, bonus, benefits in-kind and other emoluments.</p>
Departure	:	
Measure	:	
Timeframe	:	

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 Applied
Explanation	:	This step up is not applied as the Board feels that disclosures in name basis and in details are detrimental to the Company.

**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	:	<p>The members of the Audit Committee</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Status of Directorship</th> </tr> </thead> <tbody> <tr> <td>Mr. Chew Hock Lin</td> <td>Independent & Non-Executive Director - Chairman</td> </tr> <tr> <td>Encik Aminuddin bin Saad</td> <td>Independent & Non-Executive Director</td> </tr> <tr> <td>Cik Nazriah binti Shaik Alawdin</td> <td>Non- Independent & Non-Executive Director – re-designated on 24 November 2017</td> </tr> <tr> <td>Dr. Junid bin Abu Saham</td> <td>Independent & Non-Executive Director – appointed on 24 November 2017</td> </tr> </tbody> </table> <p>The Chairman of the Audit Committee is not the Chairman of the Board which is held by Dato' Syed Mohamad bin Syed Murtaza.</p> <p>Members of the Audit Committee are fully committed to their duties and responsibilities and full attendance was recorded for all Audit Committee Meeting held during the year 2017.</p> <p>Please refer to the Audit Committee Report for further details.</p>	Name	Status of Directorship	Mr. Chew Hock Lin	Independent & Non-Executive Director - Chairman	Encik Aminuddin bin Saad	Independent & Non-Executive Director	Cik Nazriah binti Shaik Alawdin	Non- Independent & Non-Executive Director – re-designated on 24 November 2017	Dr. Junid bin Abu Saham	Independent & Non-Executive Director – appointed on 24 November 2017
Name	Status of Directorship											
Mr. Chew Hock Lin	Independent & Non-Executive Director - Chairman											
Encik Aminuddin bin Saad	Independent & Non-Executive Director											
Cik Nazriah binti Shaik Alawdin	Non- Independent & Non-Executive Director – re-designated on 24 November 2017											
Dr. Junid bin Abu Saham	Independent & Non-Executive Director – appointed on 24 November 2017											
Departure	:											
Measure	:											
Timeframe	:											

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	:	<p>The Company had not appointed a former key audit partner as a member of the Audit Committee and will take note of the MCCG recommendation to make its policy.</p> <p>The existing auditors are from Crowe Horwath who had declared that they had complied with the ethical requirements regarding independence with respect to the audit of the Group in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.</p>
Departure	:	
Measure	:	
Timeframe	:	

**Practice 8.3**

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

Application	:	Applied
Explanation	:	<p>In November 2016, the external auditors, Crowe Horwath presented their audit plan for the financial year 2017 which outlined its engagement team, audit timeline, the areas of emphasis and the focus area on key audit matters to the Audit Committee.</p> <p>The Audit Committee had on March 2017, upon the completion of the audit, assessed the independence and performance of the external auditors by completing a Performance and Independence Evaluation questionnaire. The questionnaire encompasses the audit scope, planning, process performance, audit team work, audit fees and audit communications. The external auditors, Crowe Horwath were found to be suitable and had performed their audit objectively and independently.</p> <p>Crowe Horwath had also provided a written assurance that they had been independent throughout the audit engagement in accordance with the By-Laws (on Professional Ethics and Conduct and Practice) of the Malaysian Institute of Accountants and the International Standards Board for Accountants' Code of Ethics for Professional Accountants. The non-audit engagement provided by the external auditors during the year 2017 is minimal amounting to only RM2,000.</p> <p>Therefore in March 2017, the Board had approved the Audit Committee's recommendation to seek the shareholder's approval in the 23rd Annual General Meeting on re-appointment Crowe Horwath as external auditors of the Company for the financial year 2017. This was duly approved by the shareholders on 24 May 2017 at the Annual General Meeting.</p>
Departure	:	
Measure	:	
Timeframe	:	

Practice 8.4 Step Up

The Audit Committee should comprise solely of Independent Directors

Application	:	Applied
Explanation	:	<p>In the Nominating Committee and the Board Meeting held on 24 November 2017, it was recommended and approved that the Audit Committee members comprise solely of Independent Directors and a rotation of members were duly made. An announcement on the changes to the Audit Committee members was duly made via the Bursa link on the same date.</p>



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 and standard.

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	:	<p>The Audit Committee led by the Chairman Mr. Chew can objectively review the reliability of the financial statement prepared by the Group Financial Controller and report effectively to the Board.</p> <p>The Group Financial Controller is required to brief the Audit Committee members on the quarterly financial statements, budgets, the Management Discussion & Analysis and any other financial analysis. At intervals during the debriefing, questions will be raised on the financial statements by members of the Audit Committee. The Group Financial Controller or the Executive Director will reply appropriately to the Audit Committee.</p> <p>Mr. Chew has more than 30 years’ experience in audit and accountancy profession. He is a former partner of an international audit firm. Currently, he is a Certified Public Accountant (Malaysia), a Chartered Accountant (Malaysia) and a Fellow of Chartered Tax Institute of Malaysia.</p> <p>Dr. Junid, another committee member, has vast working experience in auditing, corporate banking, corporate finance and business consulting accumulated during his tenure with AmInvestment Bank Bhd. (formerly known as Arab-Malaysian Merchant Bank Bhd.) as well as in Areca Capital Sdn. Bhd., a licensed fund management company .</p> <p>Encik Aminuddin is also knowledgeable in business as he joined the private sector since 1991 after his stint in the public service for eight years.</p> <p>Collectively the Audit Committee possesses a wide range of necessary skills to discharge its duties as indicated in the skills matrix tabulated in the Corporate Governance Overview Statement.</p> <p>In order to ascertain the attribute of financial literacy of the Audit Committee, the members had completed the financial literacy questionnaire and were found to be financially literate.</p> <p>All the directors have kept up to-date by attending continuous professional development to keep themselves abreast of relevant developments. A list of trainings attended by the directors are posted in the company website www.master.net.my/ab_bod.htm</p>
Departure	:	
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	:	<p>The Board of Directors of Master-Pack Group Berhad acknowledges its responsibility for the risk management framework and internal control system of the Group. The Board recognizes that the risk management framework and internal control system are designed to manage the Group’s risk within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the business objectives of the Group. It can therefore only provide reasonable but not absolute assurance of the effectiveness against material misstatement of management and financial information and records or against financial losses or fraud.</p> <p>The Groups’ internal control is embedded in the daily operational routine of processes and procedures. The standard operating procedures practice is in compliance with ISO 9001:2008 Quality Management System (“QMS”)and ISO 14001:2004 Environment Management Systems (“EMS”)which are audited by SIRIM on a yearly basis. The company also meets the high expectation of MNC customers by fulfilling their vendor profile criteria in ethical, environment and international regulatory practices in order to supply them Master-Pack products.</p> <p>There are other formalised and documented policies, standard operating procedures and work instructions on various functions beyond the scope define by the QMS and EMS international guidelines such as human resources, management information system standard operating procedures as well as Master-Pack Code of Business Conduct. This enables the Group to communicate with all subsidiaries and ensure compliance with internal controls, relevant laws and regulations. Our policies and standard operating procedures are progressively reviewed and updated following changes in the latest laws and regulations.</p>
Departure	:	
Measure	:	
Timeframe	:	



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	:	<p>The yearly report on risk management which summarizes the level of impacts of significant risk in 5 ratings ranging from catastrophic to insignificant and the level of likelihood of such risks in 5 ratings ranging from almost certain to rare was prepared by the Risk Working Committee. The report also highlights residual exposures and the appropriate management control measures / action plans to mitigate such risk exposures.</p> <p>For the year 2017, a Risk Working Committee comprising heads of Department led by the Executive Director has been tasked by the Risk Management & Sustainability Committee and has comprehensively identify, analyse, and evaluate all risks in terms of consequential impact and level of likelihood. The relevant internal controls or application of mechanism in place to manage, mitigate, avoid these risks were also identified.</p> <p>On 24 November 2017, the Group’s Risk Working Committee reported to the Risk Management & Sustainability Committee that the working committee had gone through and reviewed the Group’s Risk Register and had proposed several revisions and additions to address new areas of concern and potential risk for the year 2018.</p> <p>The Risk Management & Sustainability Committee had perused the proposed changes/ additions referencing to the Risk register of 2017 and after some deliberations approved the proposal. The Audit Committee Chairman then reported on the Risk Management and Internal Control report highlighting the revisions in the Board meeting for the board’s review, deliberation and approval.</p> <p>An extract of risks identified by the Risk Working Committee in three significant categories:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Categorization</th> <th style="width: 50%;">Risk Identified</th> </tr> </thead> <tbody> <tr> <td>High level of competition will result in the erosion of market share and margin</td> <td> <ul style="list-style-type: none"> ➤ Bad debts ➤ Customer satisfaction ➤ Market development </td> </tr> <tr> <td>Not achieving forecast budget will result in multiple negative consequence</td> <td> <ul style="list-style-type: none"> ➤ Negative cash flow ➤ Bad reputation from vendors ➤ Banking facilities retracted by banker ➤ Fluctuation of USD exchange rate </td> </tr> <tr> <td>Management Information system failure will result in disruption of operations</td> <td> <ul style="list-style-type: none"> ➤ System failure to enterprise risk management and accounting software ➤ Hardware failure ➤ Virus attack ➤ Email failure ➤ System being hack </td> </tr> </tbody> </table>	Categorization	Risk Identified	High level of competition will result in the erosion of market share and margin	<ul style="list-style-type: none"> ➤ Bad debts ➤ Customer satisfaction ➤ Market development 	Not achieving forecast budget will result in multiple negative consequence	<ul style="list-style-type: none"> ➤ Negative cash flow ➤ Bad reputation from vendors ➤ Banking facilities retracted by banker ➤ Fluctuation of USD exchange rate 	Management Information system failure will result in disruption of operations	<ul style="list-style-type: none"> ➤ System failure to enterprise risk management and accounting software ➤ Hardware failure ➤ Virus attack ➤ Email failure ➤ System being hack
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In response to the 1st category - high level of competition will result in the erosion of market share and margin, the management have put in place standard operating procedures to reviewed new customers profile prior to establishing credit accounts, monitor the customer outstanding balances in credit control review meeting, review the credit limits and terms according to level of sales ordered and continuously follow up on slow moving debts. These implemented internal controls are to mitigate the occurrence of bad debts.

Customer feedbacks are carried out annually as it helps us identify areas where we can further upgrade our sales and customer services to an even higher level. The team aims to meet a 90% customer satisfaction target as this factor is a key driver in our business sustainability.

The management has also strategized action plans on market development to expand existing customer market share as well as to build new market segments by developing new customised or innovative products. Market development analysed by industrial segments and regions to disperse market concentration on a single region or industry is being carried out.

The management is fully aware that reputation with bankers and vendors are important in managing the business. We expect an ethical business practice from our suppliers in their timeliness of delivery, practices in their labour management as well as adherence to human rights of workers. On our part, we attempt to meet their standard of credit and payment practices.

A procurement committee consisting of department heads from marketing, finance, production and planning headed by the Executive Chairman will collectively decide on procurements of raw materials. In this way, the finance department will project and monitor cash flow requirements to ensure the company will be able to meet all its liabilities as at when they fall due. The finance department also monitors gearing ratio, debtors' turnover and foreign exchange fluctuations to analyse financial trends.

The Group's system may be vulnerable to security breaches e.g. virus attacks, resulting in disruption of the group's operations. As such there are standard operating procedures and policies such as retaining a copy of the source code for essential operating programs, have maintenance agreements with software suppliers, perform daily server back up and ensure that backup are stored at a separate location, checks on system health and ensure that the latest firewall version is functioning. During the year 2017, we have boosted security surveillance with additional and better CCTV as well as installed network infrastructure improving connectivity between subsidiaries and defences against virus attacks.



	<p>Other categorizations with its accompanying risks other than the main three categories mentioned above are:</p> <ul style="list-style-type: none">➤ Any catastrophe will result in shut down of business➤ High turnover of key personnel will result in disruption of operations➤ Weak security may result in losses➤ Disruption to timely delivery / quality of raw material and sub material will result in failure in commitment to customers➤ Non adherence to regulatory and environmental issue will result in disruption of operation <p>During the year 2017, a small fire occurred and controls put in place for this identified risk was put to the test. The subsidiary confirmed that the incident was adequately and effectively managed by the management team, i.e. clearance was obtained from the fire department and production operations resume in less than 24 hours. The loss from the fire was adequately insured.</p> <p>The Board through the Audit Committee reviewed the Group’s internal control based on audits carried out by the Internal Auditors. Please refer to Internal Audit Function on page 24 of Annual Report.</p>
Departure	:
Measure	:
Timeframe	:

**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	:	Applied
Explanation	:	<p>The Audit Committee has established a subcommittee namely Risk Management and Sustainability Committee comprising the same three Independent Directors namely Mr. Chew Hock Lin, Encik Aminuddin bin Saad and Dr. Junid bin Abu Saham.</p> <p>The Risk Management and Sustainability Committee oversee the Company's Risk Management and Sustainability Policies.</p> <p>The Group has in place documented Risk Management and Sustainability Policies which provides guidance to employees to be more conscious of the risk management process and presents a standardised understanding on the application of risk management throughout the Group.</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	:	<p>During the financial year ended 31 December 2017, the Company has engaged the services of an independent professional consulting firm, Messrs JWC Consulting Sdn. Bhd., to carry out the internal audit functions of the Group in order to assist the Audit Committee in discharging its duties and responsibilities particularly in ensuring that a sound system of internal controls is in place. The Internal Audit has direct access to the Chairman of Audit Committee and reports on the assessment of adequacy and effectiveness of the Group's control processes.</p> <p>During the year 2017, the Audit Committee reviewed the risk based internal audit plan, reviewed the audit findings and management comments compiled into the Internal Audit Report which was tabled in the Audit Committee Meeting on 23 August 2017 and 27 February 2018 for the calendar year 2017</p> <p>Based on the Internal Auditors' report for the financial year ended 31 December 2017, the system of internal control appears to be working adequately. Based on the work done there were no material weaknesses in the system of internal control that may affect the integrity of our financial statements. On-going actions were taken by management to rectify any weaknesses identified in all the internal audit reports.</p> <p>The Audit Committee also met with the Internal Auditor once on 27 February 2017 without the presence of any executive Board members / management staff.</p> <p>The Audit Committee had on 27 February 2017 performed an assessment of the Internal Auditors using the recommended format from 3rd edition of MCCG and concluded that they had sufficient competency and resources to complete the audit functions</p>
Departure	:	
Measure	:	
Timeframe	:	

**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	:	<p>Messrs JWC Consulting Sdn. Bhd. is headed by Joyce Wong Ai May and her team of 4 personnel. She is a graduate from the University of Tasmania with a Bachelor of Accounting and Finance. She is an Accountant by profession and is a member of the Malaysian Institute of Accountants as well as a Certified Practising Accountant, Australia.</p> <p>During the year 2017, the out-sourced Internal Auditors had declared their independence from members of the Board and the management of the group. The out-sourced internal auditors do not have any relationship with any Directors and / or major shareholders of the Company, or any conflict of interest with the Group that could impair their objectivity and independence in the course of their audit.</p> <p>The Internal Audit Plan approved by the Audit Committee and was duly carried out by the internal auditors for the year 2017. The audit plan is based on risk based approach taking into consideration a rotational cycle on auditable scope.</p>
Departure	:	
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	:	<p>Announcements on important matters and financial results of the Group are promptly released to Bursa so that the investing public is provided with an overview of the performance and operations of the Group. The Group has a website at www.master.net.my/jr.announcements.htm where public announcements are also posted in addition to the listing requirements and postings at Bursa.</p> <p>The Board supports and encourages active shareholders participation at our Annual General Meeting (AGM) and any other general meetings. In accordance with the Company's Constitution, any shareholder may appoint up to a maximum of 2 proxies to attend and vote on his/her behalf in any general meeting.</p> <p>The Company website at www.master.net.my also contains the company address, telephone numbers and emails address of management staff that stakeholders may easily communicate with.</p>
Departure	:	
Measure	:	
Timeframe	:	

Practice 11.2

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

Application	:	Applied
Explanation	:	The company capital structure is below the threshold defined as large companies but will learn to adopt integrated reporting in the future.
Departure	:	
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	:	<p>Notice for the 23rd Annual General meeting held on 24th May 2017 comprising a soft copy of the 2016 Annual report in CD –ROM accompanied by the circular mandate in relation to recurrent related party transaction was posted to shareholders on 25 April 2017 complying with the 28 days prior notice to the AGM.</p> <p>Printed copies of the Annual Report shall be provided to the shareholder upon request within four (4) market days from the date of receipt of the verbal or written request. A copy of the Annual Report can also be downloaded at www.master.net.my</p> <p>For the forthcoming 24th AGM to be held on 14 May 2018, the Notice of AGM shall be posted out on 13 April 2018 accompanied by the circular mandate in relation to recurrent related party transaction and the changes to the Company's Constitution. This complies with Malaysian Code on Corporate Governance that at least 28 days prior notice to the meeting is given to shareholders as compared to at least 21 days' notice required by Section 316 of the Companies Act 2016.</p> <p>The adequate notice time given to shareholders allows them to review the annual report and make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.</p>
Departure	:	
Measure	:	
Timeframe	:	

**Practice 12.2**

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

Application	:	Applied
Explanation	:	<p>The full board attended the 23rd Annual General Meeting held on 24th May 2017. Also in attendance were the external auditors, internal auditors, company secretaries, scrutineers and company registrar.</p> <p>The Chairman welcomes all shareholders in attendance to the AGM and that the AGM acts as a principal forum for interactions with shareholders.</p> <p>The meeting was presided over by the Chairman and the proceedings were carried out by the Company Secretary. The Company Secretary confirmed the presence of the requisite quorum He then explained to all shareholders in attendance the polling method and procedure of the AGM meeting. There were a total of 12 resolutions as set out in the Notice of AGM dispatch to the shareholders. The Company Secretary then proceeded to read each and every resolution, pausing to ask if there were any questions from the shareholders.</p> <p>The Chairman responded to questions raised, if any. At the end of the AGM, all the marked poll papers were collected by the registrar, verified by scrutineer and poll results were tallied. The poll results of each resolution were read out to all the shareholders when the AGM resume after a short interval.</p> <p>The AGM was declared closed upon its conclusion. The minutes of the AGM is available in the company website www.master.net.my/ir_announcements.htm</p>
Departure	:	
Measure	:	
Timeframe	:	

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	:	The company does not have a large number of shareholders and by definition of the capital structure, it is not a large company hence at the coming Annual General Meeting will not be leveraging on technology for poll voting
Departure	:	
Measure	:	
Timeframe	:	

This Corporate Governance report is made in accordance with the approval at the Board Meeting held on 26 March 2018.