

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 8869  
**COMPANY NAME** : Press Metal Aluminium Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2018

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Press Metal Aluminium Holdings Berhad ("Press Metal" or the "Company") is dedicated towards fostering a healthy corporate governance culture within the Company and its subsidiaries (collectively referred to as the "Group"). The Board acknowledges that upholding good corporate governance is paramount to its value creation process.</p> <p>Press Metal is guided by its five (5) Guiding Principles, namely Business Acumen, Quality Excellence, Global Outlook, Focused Teamwork and Social Responsibility. Bearing these principles in mind, the Board holds the ultimate responsibility and stewardships for sustainable value creation to its stakeholders, through the Group's culture, strategy, value and governance. Setting the tone from atop, the Company's culture is cascaded across the Group and to our stakeholders that we work with.</p> <p>To ensure effective discharge of its stewardship role, the Board delegates specific responsibilities to the Board Committees, namely, Audit Committee, Nomination Committee and Remuneration Committee. Each of the Board Committees operates within its respective Terms of Reference approved by the Board. The Board Committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.</p> <p>The Board has also delegated day-to-day management of the business of the Group to Executive Directors and Management but reserves its consideration pertinent significant matters to the Board.</p> <p>In addition to strategic matters, the Board of Press Metal is amongst others, also responsible for the following key matters:</p> <ul style="list-style-type: none"><li>• Promoting good corporate culture within the Company;</li><li>• Scrutinising Management's proposal during decision making process and overseeing its implementation;</li><li>• Overseeing the business and financial operations;</li><li>• Reviewing and approving the annual and quarterly results;</li><li>• Ensuring there is a sound framework for internal controls and risk management;</li></ul>

	<ul style="list-style-type: none"> <li>• Identifying and managing the principal risks of the Company's business;</li> <li>• Engendering an ethical culture across all levels of the Group;</li> <li>• Oversees succession planning for the Board and key senior management personnel;</li> <li>• Maintaining two-way relationship with stakeholders.</li> </ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is headed by an Independent Non-Executive Chairman, Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad who is responsible for the leadership, integrity and effectiveness of the governance of the Board.</p> <p>Dato' Wira (Dr.) Megat Abdul Rahman is an accountant by profession and holds memberships in several professional accounting bodies. He was the Managing Partner for one of the big four accounting firms and has also accumulated years of corporate experience, serving as a Director for several public listed companies. Dato' Wira (Dr.) Megat Abdul Rahman's full profile is available in the 'Profile of Directors' section on page 18 of the Annual Report.</p> <p>Dato' Wira (Dr.) Megat Abdul Rahman, as the Chairman of the Board, is responsible for the performance and conduct of the Board. His duties amongst others, include:</p> <ul style="list-style-type: none"><li>• Provides leadership and governance of the Board so as to create the conditions for overall Board's and individual Director's effectiveness, and ensures that all key and appropriate issues undergo exhaustive discussion by the Board in a sufficiently and timely manner;</li><li>• Maintaining a relationship of trust with and between the executive and non-executive Directors;</li><li>• Ensuring effective communication with shareholders and relevant stakeholders;</li><li>• Facilitating the effective contribution of non-executive Directors and ensuring constructive relations be maintained between executive and non-executive Directors;</li><li>• Ensures that sufficient time is allowed for discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion;</li><li>• Ensures that every Board resolution is put to vote to ensure the will of the majority prevails and any concern or dissenting views expressed by any Director on any matter deliberated at meetings of the Board are adequately addressed and duly recorded in the relevant minutes of meetings; and</li><li>• Ensures that the Executive Directors look beyond their executive functions and accept their full share of responsibilities on corporate governance.</li></ul>

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

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the need to have a distinction of power and responsibilities between the Chairman of the Board and the Group Chief Executive Officer ("GCEO"). This division ensures that there is a clear and proper balance of power and authority.</p> <p>In line with Practice 1.3, the position of Chairman and Group CEO are held by two different individuals. The Board is led by Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad, an Independent Non-Executive Director whilst the position of Group Chief Executive Officer is helmed by Tan Sri Dato' Koon Poh Keong. Meanwhile, Mr Koon Poh Ming, one of the board members is the Executive Vice Chairman of the Company.</p> <p>The Chairman provides strong leadership to the Board in its cohesive oversight of Management and ensuring Board effectiveness and standards of conduct while the Executive Vice Chairman is responsible for monitoring the implementation of the Company's strategies and carrying out the functions of the Chairman during the period the Chairman is absent.</p> <p>The Group CEO is responsible for implementation of the Company's strategic plan, policies and decisions adopted by the Board to achieve the Company's objective of creating long-term value for its shareholders. Profile of the Group CEO is available in the 'Profile of Directors' section on page 19 of the Annual Report.</p> <p>The separation of power between the Chairman of the Board and the Group CEO are clearly elucidated in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Press Metal is supported by two outsourced and qualified Company Secretaries, namely Ms. Tai Yit Chan (MAICSA 7009143) and Ms. Tan Ai Ning (MAICSA 7015852). Both Company Secretaries have the requisite credential and fulfil the qualification requirements of a company secretary as enshrined in Section 235(2) of Companies Act 2016.</p> <p>The Company Secretaries perform a key advisory role to the Board and Board Committees in relation to the Company's Constitution, Board policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations.</p> <p>The Companies Secretaries ensure all Board and Board Committee meetings are properly organised and convened in a timely manner. The Company Secretaries also ensure that records of meeting deliberations, proceedings and resolutions passed are recorded, properly maintained and secured.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is conscious of the importance of meeting materials to be disseminated in a timely manner to allow Directors to decipher the information presented and prepare for the Board and Board Committee meetings.</p> <p>The Board, led by the Chairman, has put in place a policy stipulation which calls for all Directors to have full and timely access to information and the Board papers circulated at least five (5) days in prior to each Board and Board Committee meetings. Comprehensive reports comprising a balance of financial and non-financial information, strategic, operational, regulatory, marketing and human resource issues are customarily enclosed as accompanying materials. The Company Secretaries are responsible to manage the logistics, record keeping as well as facilitating all Board and Board Committees communication.</p> <p>Board and Board Committee meetings proceedings are well-documented by the Company Secretaries. The minutes reflect key deliberations and decisions, rationale for each decision as well as any significant concerns, dissenting views or abstentions by Directors from voting and deliberating on specific matters. Meeting minutes are typically approved at the subsequent Board or Board Committee meetings.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Press Metal stands guided by the Board Charter which clearly defines the Board's various roles, responsibilities and conduct.</p> <p>The Board Charter of Press Metal outlines amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Guidance for Board's appointments.</li> <li>• Role of the Board and its Board members;</li> <li>• Board processes in relation to meeting agenda, frequency, documentation and access to information;</li> <li>• Matters reserved for the Board;</li> <li>• Roles and responsibilities of Company Secretaries;</li> <li>• Roles of the Board Committees</li> <li>• Review and approves remuneration levels of Directors and Senior Management;</li> <li>• Maintaining sound and robust system of internal controls and risk management;</li> <li>• Board's relationship with shareholders and stakeholders;</li> <li>• Induction process for newly appointed Directors; and</li> <li>• Commitment of the directors and conflict of interest</li> </ul> <p>In establishing the Board Charter, the Board took into consideration the applicable rules, laws and regulations as well as internal policies.</p> <p>The Board Charter will be reviewed by the Board periodically and updated based on the prevailing regulatory promulgations. The Board Charter is made available on the Company's website at <a href="http://www.pressmetal.com">www.pressmetal.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board appreciates the value of developing and maintaining a corporate culture which engenders ethical conduct that permeates throughout the Group.</p> <p>The Board has adopted and implemented a Code of Conduct for Directors, Management and employees of the Group as well as Code of Ethics for the Board. The Code of Conduct and Code of Ethics embodies the principles contained in various policies adopted by the Group that commits Directors, Management and employees to high ethical values and expected standards of conduct.</p> <p>The Code of Conduct and Code of Ethics are available on the Company's website at <a href="http://www.pressmetal.com">www.pressmetal.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognised the importance of whistleblowing and is committed to maintain the highest standards of ethical conduct within the Group. As such, the Board had formalised Whistle-Blower Policy with accompanying formal whistleblowing channels therein. The channels serve as avenues for employees to raise bona fide concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal, including potential breach of legal obligations, miscarriages of justice, danger to health and safety or to the environment and any fraudulent cover-ups in the workplace.</p> <p>The Board also sets the tone from the top and endeavours to foster a corporate culture that provides a safe and candid environment of openness and honesty. The Board together with the Management, reviews the Whistle-Blower Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the view that the current composition provides the right balance between Executive Directors and Non-Executive Directors with an appropriate mix of relevant skills, knowledge and industry experience required to lead and oversee the Group. The Board is made up of five Executive Directors and five Independent Non-Executive Directors. A detailed breakdown of the composition is shown below:</p> <ul style="list-style-type: none"><li>• 1 Independent Non-Executive Chairman;</li><li>• 1 Executive Vice Chairman;</li><li>• 1 Group CEO;</li><li>• 3 Executive Directors; and</li><li>• 4 Independent Non-Executive Directors, including the Senior Independent Director.</li></ul> <p>The Board acknowledges that having a majority of Independent Directors would undeniably elevate objectivity and prevent dominance and complacency in the Boardroom. Whilst the Board aims to meet the requirement, the Board would not bludgeon through changes for the mere sake of compliance in form.</p> <p>In addition, any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Directors' decision in any matter concerning the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting in the specific matter.</p> <p>In order to provide for the relevant checks and balances, Mr. Tan Heng Kui has been designated as a Senior Independent Director. As the Senior Independent Director, he serves as a sounding board to the Chairman and acts as an intermediary for other Directors when necessary. The presence of the Senior Independent Director provides an additional channel for the Independent Directors to voice any opinions or concerns that they believe have not been properly considered or addressed by the Board or which they feel may not be appropriate to raise in open forum.</p> <p>Moreover, the Board operates in a manner that ensure the Directors exercise independent judgement and the interests of shareholders are always at the forefront when important decision is made by the Board.</p>

	The Nomination Committee had conducted the performance assessment for the year 2018 on 26 February 2019 and concluded that the Board as a whole had discharged their roles and responsibilities in a commendable manner.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board, alongside the Nomination Committee, will undertake a review of the Board composition and its effectiveness in 2019. The Board will continue to source for suitable candidates that can reinforce the independence of the Board and contribute to the effective governance of the Press Metal. In order to create a more conducive environment for insightful deliberations and informed decision-making, the Board will focus on enlisting Independent Directors who possess strong business acumen that is complemented with a sound understanding of the Group's business.
<b>Timeframe</b>	:	Ongoing

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board, through the Nomination Committee assesses Independent Directors annually to ascertain if they display a strong element of objectivity, both in appearance ("perceived independence") as well as of mind ("independence in thought and action"). The Independent Directors have each provided an undertaking to Bursa Malaysia Securities Berhad ("Bursa Securities") since their appointment, confirming and declaring that they are "independent directors" as defined under paragraph 1.01 of the Main Market Listing Requirements ("MMLR") of Bursa Securities. The Board agreed that ultimately the Independent Directors themselves are the best persons to determine whether they can continue to bring independent and objective judgement to Board deliberations.</p> <p>At present, the Independent Non-Executive Chairman, Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad has served the Board for more than 9 years, and will reach the twelve (12) years term limit on 29 May 2019, whilst two other Independent Non-Executive Directors, namely, Mr. Tan Heng Kui (also Senior Independent Director) and Mr. Loo Lean Hock have served for more than 12 years. For the financial year ended 31 December 2018, each of the Independent Non-Executive Directors had provided their annual confirmations of independence to the Board based on the Company's criteria of assessing independence in line with the definition of "independent directors" prescribed by the MMLR.</p> <p>The Board, supported by the Nomination Committee evaluates the contribution of the Independent Non-Executive Directors annually so as to be watchful of indicators that may exhibit entrenchment or complacency. Having assessed the said Independent Non-Executive Directors, the Board is of the view that they are able to advocate professional views without fear or favour and give their best efforts to contribute towards the stewardship of the Company in attaining greater heights. In addition, they remain objective and independent in expressing their views during the deliberations and decision making of the Board and Board Committees. In this respect, the Board recommended that they continue to serve as Independent Directors</p>

	subject to shareholders' approval at the forthcoming AGM of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<p>The Nomination Committee and the Board will carry out an annual independence assessment to evaluate and determine whether the Independent Director can continue to perform duties without being subjected to undue influence.</p> <p>In assessing whether the Independent Director continues to be "independent in mind" the Nomination Committee and the Board will consider if the Independent Director displays some of the following key characteristics:</p> <ul style="list-style-type: none"> <li>a) possesses sufficient self-esteem and confidence to stand-up for an independent point of view;</li> <li>b) approaches any transaction that requires board's approval with a watchful eye and an inquiring mind;</li> <li>c) is unafraid to express an unpopular stance on issues or express disagreement on matters, and actively pursue them with the rest of the Board and with the management team; and</li> <li>d) does not shy away from asking hard and uncomfortable questions during board deliberations and willing to delve deeper if the responses provided are not satisfactory.</li> </ul> <p>Each Independent Director has undertaken to notify the Board of any changes in their circumstances or any new interest or relationship that would affect their independence as an independent director of the Company. The Board will promptly consider that new information in reassessing the Directors' independence in the interest of the Company and its shareholders as a whole.</p>
<b>Timeframe</b>	:	Ongoing

**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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, supported by the Nomination Committee, conducts an annual review of its composition to ensure it is collectively able to discharge its duties in an informed and conscientious manner. The Board is committed to provide fair and equal opportunities and to nurture diversity within the Group. The candidates for Board appointments will be considered, taking into account objective criteria such as qualification, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group's strategic direction, when there is a need to appoint new director or a casual vacancy arises.</p> <p>The Nomination Committee is entrusted by the Board to develop, maintain and review the criteria of the recruitment process and assessment of the Board. The Nomination Committee is responsible for identifying and making recommendations for the Board's approval on well-qualified and capable candidates for directorships. All Directors are expected to be individuals with integrity, high personal and professional ethics, sound business judgement, and the ability and willingness to commit sufficient time to the duties of the Board.</p> <p>The Board upon the recommendation of the Nomination Committee, evaluates and decides on the appointment of the proposed candidate to the Board. The current composition of the Board includes a diverse mix of skill sets, knowledge and experience (e.g. finance &amp; accounting, legal, engineering, business development and management) and age (range between 45-80).</p> <p>The appointment of Senior Management personnel is also based on predetermined criteria that includes skill sets, integrity and leadership qualities, driven by their respective job descriptions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>As explained in Practice 4.4, the Board of Press Metal recognises that a diverse board enhances the decision-making capability as well as improves the deliberation processes by allowing for different perspectives on the same subject matter.</p> <p>During the year 2018, the Board formalised Diversity Policy which set out to promote diversity for the Board and the workplace. The objective of the policy stipulates the mean to have a profound and exhaustive dialogue among the board members by recognising and utilising contribution of diverse skills and talents from its directors, officers and employees. The Board recognises that building a diverse and inclusive culture is essential to the Group's success as a diversified Board can enhance the effectiveness, creativity and capacity of the Board and Group.</p> <p>Initial steps have been taken to ensure that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered and that there are no conscious or unconscious biases that might discriminate against certain candidates.</p> <p>In tandem with its aspiration to attain boardroom diversity, the Board has a female Independent Non-Executive Director, Pn. Noor Alina Binti Mohamad Faiz who is a lawyer by profession. This is in line with the policy pronouncement by the government that the top 100 public listed companies by market capitalisation should have at least one woman on board.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will undertake to review its Board composition with a view of enabling a 30% women representation on the Board in line with Practice 4.5 of the MCCG. For any vacant Board position in the future, the Board when securing for suitable candidates, will consider identifying suitably qualified women candidates.
<b>Timeframe</b>	:	As and when required

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board views the identification and appointment of new Directors as an essential process that must be carried out with foremost diligence and care. The current process of appointment to the Board is based on the recommendations of the Nomination Committee. The responsibilities of the Nomination Committee in this regard include evaluating candidatures for directorships based on meritorious criteria such as mix of skills, knowledge, expertise and experience, time commitment, integrity and competencies in meeting the needs of the Company.</p> <p>In sourcing for suitable candidates, the Nomination Committee utilise a variety of recruitment options including suggestion from existing Board Members. The Nomination Committee is also amenable to referrals from external sources available, such as industry and professional associations, as well as independent search firms. Based on the recommendation of the existing board members, Mr Lim Hun Soon @ David Lim was appointed as Independent Non-Executive Director on 15 August 2018.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee is chaired by Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad, an Independent Non-Executive Director and Chairman of the Board.</p> <p>In discharging his duties as the Chairman of the Nomination Committee, he undertakes to perform, amongst others, the following:</p> <ul style="list-style-type: none"><li>• leading the overall effectiveness review of the Board and Board Committees along with the contribution of each individual Director;</li><li>• leading the succession planning and appointment of Board members as well as Senior Management; and</li><li>• leading the review and recommendation to the Board regarding the Term of Reference of the Nomination Committee.</li></ul> <p>The Board recognises that an effective recruitment and evaluation process of Directors forms the building block of a high-performing Board. The Board therefore believes that Dato' Wira (Dr.) Megat Abdul Rahman, as an Independent Director, is the most capable and qualified person to lead the Nomination Committee in an objective manner.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At present, the assessment on the effectiveness of the Board, its Committees and each individual Director are carried out internally. The Nomination Committee is responsible for the conduct of performance evaluation of the Board, Board Committees and individual Directors on an annual basis by using a set of customised self-assessment questionnaires to be completed by each director. The criteria used in the assessment of the Board and the Board Committees focused on, amongst others, board composition, mix of skills, quality of information and decision making, board's relationship with the Management, boardroom activities and whether the terms of reference of the Board Committees have been met. The evaluation includes an assessment of the independence of Independent Non-Executive Directors.</p> <p>The results of the evaluation exercise are then reviewed by the Nomination Committee and presented to the Board alongside the attendance improvement considerations as well as the bases for recommending the re-election of Directors.</p> <p>Based on the annual Board performance assessment, the Board is satisfied with the current composition, diversity and size of the Board. The Board is also satisfied with the effectiveness of the Board, Board Committees and individual Directors, including the Group Chief Executive Officer, who has the requisite knowledge, skills and range of experiences to discharge his duties and responsibilities effectively.</p> <p>Independent experts may be engaged to facilitate the assessment of the Board when deemed necessary.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges that remuneration is key in attracting, retaining and motivating talented and high-calibre individuals that can successfully run and manage the business. In this regard, the Board has formalised a Remuneration Policy with respect to the remuneration of Directors and Senior Management. It should be noted that the five Executive Directors also constitute the Senior Management personnel.</p> <p>In setting the remuneration of Directors and Senior Management, the Board is guided by the Directors and Senior Management's Remuneration Policy. The said Policy explicitly prohibits the Executive Directors from participating in decisions regarding their individual remuneration.</p> <p>The remuneration of Non-Executive Directors is determined by the Board with interested Directors abstaining from any deliberation or voting on the decision. The remuneration package for Executive Directors has been structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>The Directors and Senior Management's Remuneration Policy and accompanying procedures are disclosed on the Company's website at <a href="http://www.pressmetal.com">www.pressmetal.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee that consists exclusively of Independent Non-Executive Directors. Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad (Chairman of the Board and Remuneration Committee), Mr. Tan Heng Kui (Senior Independent Director) and Pn. Noor Alina Binti Mohamad Faiz (Independent Non-Executive Director) make up the membership of the Remuneration Committee.</p> <p>The Remuneration Committee is responsible to recommend the remuneration framework for Non-Executive Directors as well as the remuneration packages of Executive Directors and Senior Management.</p> <p>The Terms of Reference of the Remuneration Committee is made available on the Company's website at <a href="http://www.pressmetal.com">www.pressmetal.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b> :	Applied										
<b>Explanation on application of the practice</b> :	The remuneration received by each Directors, including both Executive Directors and Non-Executive Directors is set out in the tables below:										
	<b>Director's Fee (RM'000)</b>		<b>Salary (RM'000)</b>		<b>Bonus (RM'000)</b>		<b>Allowance (RM'000)</b>		<b>Total (RM'000)</b>		
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>	
	<b>Non-Executive Directors</b>										
	Dato' Wira (Dr.) Megat Abdul Rahman bin Megat Ahmad	136	136	-	-	-	-	-	-	136	136
	Loo Lean Hock	93	93	-	-	-	-	-	-	93	93
	Tan Heng Kui	87	87	-	-	-	-	-	-	87	87
	Noor Alina binti Mohamad Faiz	89	89	-	-	-	-	-	-	89	89
	Lim Hun Soon @ David Lim	28	28	-	-	-	-	-	-	28	28
	<b>Executive Directors</b>										
	Tan Sri Dato' Koon Poh Keong	-	-	1,735	1,735	120	120	240	240	2,096	2,096
	Koon Poh Ming	-	-	1,740	1,740	120	120	240	240	2,100	2,100
	Dato' Koon Poh Tat	-	-	1,551	1,551	109	109	180	180	1,841	1,841
	Koon Poh Weng	-	-	1,465	-	119	-	-	-	1,584	-
	Koon Poh Kong	-	-	1,431	1,431	99	99	180	180	1,711	1,711

		Total remuneration (RM'000)	
		Group	Company
	Non-Executive Directors	433	433
	Executive Directors	9,332	7,748
	<b>Total (RM)</b>	9,764	8,181
	The disclosure is made on a group level and listed issuer level, in accordance with paragraph 11, Part A, Appendix 9C of Bursa Securities Main Market Listing Requirements.		
<b>Explanation for departure</b> :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b> :			
<b>Timeframe</b> :			

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The five Executive Directors on the Board also occupy the offices of the top five Senior Management of Press Metal. By virtue of the application of Practice 7.1, Press Metal has simultaneously applied Practice 7.2.</p> <p>The detailed remuneration of the five Executive Directors cum top five Senior Management is disclosed under the explanation of Practice 7.1.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Mr. Loo Lean Hock, who is an Independent Director, serves as the Chairman of the Audit Committee whilst Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad serves as the Chairman of the Board. Having the positions of the Chairman of the Board and Chairman of the Audit Committee assumed by different individuals allows the Board to review the Audit Committee's findings and recommendations with unfettered objectivity.</p> <p>Mr. Loo is an accountant by profession and holds memberships in several professional bodies including the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Certified Practising Accountants (CPA) Australia, the Chartered Tax Institute of Malaysia and the Malaysian Institute of Management. Mr Loo has also accumulated years of professional experience within the area of accounting, having served as the Financial Controller for several companies and eventually went on to establish his own practice.</p> <p>Mr. Loo's full profile is available on page 22 of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee maintains formal and transparent measures to govern its relationship with the external auditor of the Company.</p> <p>The Terms of Reference of the Audit Committee has included a cooling-off period of at least two years before a former key audit partner could be appointed as member of the Audit Committee to safeguard the integrity and independence of the audit process.</p> <p>To date, Press Metal has not appointed any former key audit partner either as a Director or as an employee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Audit Committee is responsible for assessing the capabilities and independence of the external auditors and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditors.</p> <p>In safeguarding and supporting external auditors' independence and objectivity, the Company has outlined the selection process of new external auditors, criteria for the annual assessment on the performance of external auditors, basic principles on the prohibition of non-audit services and the approval process for the provision of non-audit services in the Terms of Reference of the Audit Committee.</p> <p>The Board has determined that the provision of non-audit service contracts which cannot be entered into with the External Auditors include strategic decision, internal audit and policy and standard operating procedures documentation. The Board was of view that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.</p> <p>The Audit Committee had undertaken an annual assessment on the performance, suitability and independence of the external auditors based on the following criteria:-</p> <ul style="list-style-type: none"><li>• Calibre of the external auditors</li><li>• Quality Processes and Performance</li><li>• Audit Team</li><li>• Independence, Objectivity and Professionalism</li><li>• Audit Scope and Planning</li><li>• Audit Fees</li><li>• Audit Communications</li></ul> <p>Based on the assessment results, the Audit Committee was satisfied with the suitability of the external auditors, namely KPMG PLT and recognised that the provision of non-audit services by KPMG PLT for the financial year 2018 did not in any way impair their objectivity and independences as external auditors of the Company. The external auditors confirmed that they have maintained their independence in accordance with the provisions of 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>

	<p>Based on the Audit Committee recommendation and having regard to the outcome of the annual assessment of external auditors, the Board had agreed that the re-appointment of KPMG PLT as external auditors of the Company be recommended to the shareholders for approval at the forthcoming 3rd AGM of the Company.</p> <p>During the financial year, the Audit Committee has also met with the external auditors twice on 27 February 2018 and 22 November 2018 respectively in the absence of Management.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Audit Committee of Press Metal comprises three experienced and qualified members, namely Mr. Loo Lean Hock (Chairman of the Audit Committee and Independent Director), Mr. Tan Heng Kui (Senior Independent Director) and Pn. Noor Alina Binti Mohamad Faiz (Independent Director).</p> <p>As independence is the cornerstone of a well-functioning audit committee, the Board is of the view that the existing composition of the Audit Committee allows its members to apply professional scepticism, vigilance and moral courage when undertaking their responsibilities on pertinent matters.</p>

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee of Press Metal comprises three experienced and qualified members, namely Mr. Loo Lean Hock (Chairman of the Audit Committee and Independent Director), Mr. Tan Heng Kui (Senior Independent Director) and Pn. Noor Alina Binti Mohamad Faiz (Independent Director).</p> <p>The current members of the Audit Committee possess a range of skills and the requisite financial literacy to discharge its duties effectively. Mr Loo is an accountant by profession and a member of MICPA and MIA, amongst others. His presence on the Board fulfils the requirement of paragraph 15.09(1)(c) of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad which calls for one member of the audit committee to be a member of a professional accountancy body.</p> <p>Mr. Tan Heng Kui is a certified engineer and has garnered vast experience in the industry. His background provides the Audit Committee with valuable input on the operational drivers which are impacting the financial performance of Press Metal. Pn. Noor Alina is a lawyer by profession and has various past experiences in the capacity of a legal and compliance advisor.</p> <p>During the year under review, all members of the Audit Committee have attended the professional development trainings to keep themselves abreast of developments in the accounting and auditing standards, practices and rules.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is assisted by the Audit Committee in the review of the adequacy and effectiveness of the risk management and internal control framework.</p> <p>The Group has established an in-house Internal Audit Department which provides the internal audit function to the Group. The in-house internal audit function is additionally supported by outsourced internal auditors, namely Baker Tilly Monteiro Heng Governance Sdn Bhd.</p> <p>The Group Internal Audit, which reports directly to the Audit Committee, implements the risk management and internal control framework for the Group in line with the Risk Management Policy, as approved by the Board.</p> <p>The findings arising from the internal audit process are presented to Management along with the recommendations and considerations for improvements and are subsequently escalated to the Audit Committee. Any significant changes to existing risks or emerging risks of the business units in the Group together with the appropriate actions and/or strategies to be taken, will be brought to the attention of the Board by the Chairman of the Audit Committee.</p> <p>The Board, as a whole would continue to monitor and review the effectiveness and adequacy of the Group's risk management and internal control framework to ensure they continue to be resilient and reliable.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The key features and elements of the Group's risk management and internal control framework, as well as their adequacy and effectiveness are articulated in detail in the Statement on Risk Management and Internal Control as contained in the Annual Report.</p> <p>The Statement also outlines the differentiated roles and functions of those entrusted with maintaining risk management and internal control systems. Measures being put in place to manage and mitigate risks are also articulated in the Statement.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The internal audit function of the Group is led by the Internal Audit Department and when required, it is supported by outsourced internal audit services of Baker Tilly Monteiro Heng Governance Sdn. Bhd. on specialised areas.</p> <p>During the year under review, the outsourced Internal Auditors performed operational audits on business units of the Group to assess the adequacy and improvement needs of the internal control systems and to recommend improvements where necessary in accordance with the risk based internal audit plan approved by the Audit Committee. The internal audit function is independent of management and has full access of Press Metal Group's entities' records and personnel.</p> <p>The in-house Internal Auditors performed follow-up audits subsequently to ensure that corrective actions had been implemented.</p> <p>Key responsibilities of the Audit Committee in relation to the internal audit function of the Group include the following:</p> <ul style="list-style-type: none"><li>• review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;</li><li>• review the internal audit plan, processes, the results of the internal audit plan, processes or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendations of the internal auditors;</li><li>• review reportable related party transactions and conflict of interest situations;</li><li>• review any appraisal or assessment of the performance of members of the internal audit function;</li><li>• approve any appointment or termination of the internal auditors;</li><li>• take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;</li><li>• investigate any activity within its Terms of Reference; and</li><li>• to have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.</li></ul> <p>The responsibilities of the Audit Committee, including on matters pertaining to the internal audit function, are outlined in the Audit Committee Terms of Reference, which is made available on the Company's website at <a href="http://www.pressmetal.com">www.pressmetal.com</a>.</p>

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

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Group has established an in-house Internal Audit Department which provides the internal audit function to the Group. The in-house internal audit function is additionally supported by the outsourced internal auditors, namely Baker Tilly Monteiro Heng Governance Sdn. Bhd. (“BTMH”).</p> <p>The in-house Internal Audit Department consists of 7 internal audit personnel with relevant qualifications and experience and is headed by Mr. Cheang Yue Hern. He is a fellow member of the Association of Chartered Certified Accountants.</p> <p>The engagement team of BTMH is led by Mr. Kuan Yew Choong, the Head of Internal Audit &amp; Governance Advisory of BTMH. He is a fellow member of the Association of Chartered Certified Accountants; Chartered Accountant with the Malaysian Institute of Accountants and Chartered Member of the Institute of Internal Auditors Malaysia with over 20 years of experience in the realm of external and internal audit.</p> <p>The Internal Auditors report directly to the Audit Committee. All the personnel were free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of their work.</p> <p>All internal audit work carried out is guided by The Institute of Internal Auditors (IIA) in International Professional Practices Framework (IPPF).</p> <p>In accordance with the Terms of Reference of the Audit Committee, the Audit Committee had in February 2019 conducted an annual assessment on the performance of the Internal Auditors. The Audit Committee was satisfied that the Internal Auditors have discharged their responsibilities in a commendable manner, performed competently, functioning effectively and have received sufficient resources and adequate authority in order to carry out their work.</p> <p>Disclosures on the internal audit function are made available in the Statement on Risk Management and Internal Control and Audit Committee Report as contained in the Company’s Annual Report.</p>

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

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board endeavours to ensure that communication with the Group's stakeholders are conducted in a continuous and forthcoming manner. In a demonstration of this commitment, the Board has established and adopted Corporate Disclosure Policies and Procedures which is aimed at developing an effective Investor Relations programme and strategy to communicate fairly and accurately, the corporate vision, strategies, developments, financial plans and prospects to investors, financial community and other stakeholders.</p> <p>The Corporate Disclosure Policies and Procedures provides guidance to the Board and Management on providing accurate, timely and balanced disclosure to the Group's stakeholders whilst simultaneously encouraging a two-way dialogue between the Company and its stakeholders.</p> <p>The Board has designated the Group CEO and Head of Corporate Affairs as spokespersons for the Group and to manage the dissemination of information to stakeholders, including shareholders and potential investors in an orderly and effective manner whilst maintaining adherence to relevant laws and regulatory requirements.</p> <p>The Board, as part of its efforts to foster and cultivate a closer association with its stakeholders, also ensures that the Company's corporate website contains all material information for the benefit of the shareholders and other stakeholders. The Board endeavours to ensure that corporate announcements, press releases and quarterly financial results on group financials and operation reviews are published on the website as soon as practicable.</p> <p>During the year, Press Metal also conducted regular briefings, meetings, dialogues and teleconferences with institutional investors, fund managers, analysts, investors and media representatives to give them a better understanding of the business and financial performance of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Annual Report in its current form provides stakeholders with a balanced, comparable and meaningful overview of the Company's financial and non-financial performance. Different components within the Annual Report such as Management Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control form the components of non-financial information.</p> <p>The Board would like to provide an advocacy period for the awareness of integrated reporting to be ingrained in the Company so as to enable holistic changes to be made seamlessly in the future. A readiness assessment will be undertaken by the Board to establish the necessary capacity-building process to evolve towards integrated reporting.</p> <p>In order to provide stakeholders with a holistic picture of Press Metal's business, the Annual Report draws linkages between the different components contained therein, comprising financial and non-financial information.</p> <p>In reflecting its value creation process and principles, the Company has also for the third year incorporated a Sustainability Statement in the Annual Report. This will gradually place the Company on solid footing to ultimately adopt integrated reporting. The development of a Sustainability Statement has contributed to the establishment of necessary systems and controls as well as the presence of quality non-financial data to support the development of an integrated report.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	As an initial step forward, the Board will focus on embedding the process of integrated thinking into its activities to better synergise its connectivity of reporting from Management, its business analysis and decision-making process.
<b>Timeframe</b>	:	Others

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board considers the AGM as an invaluable platform for shareholders to engage the Board and Management of the Company in a productive and constructive two-way dialogue. As such, the Board strives to ensure that shareholders are accorded with sufficient time to prepare and accord due consideration to the resolutions that will be discussed and decided upon at the AGM.</p> <p>Towards this end, the Notice of AGM in 2018 provided more than 28 days prior to the AGM which was held on 19 June 2018. This goes above and beyond Section 316(2) of Companies Act 2016 and paragraph 7.15 of Bursa Securities Main Market Listing Requirements which call for a 21-days' notice period.</p> <p>The notice for the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p> <p>In order to achieve the widest possible dissemination, the notice of AGM is also placed in a nationally circulated newspaper besides the Bursa website via an announcement.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility to engage shareholders and provide meaningful responses to their queries.</p> <p>During the previous AGM, all Directors were in full attendance to answer questions pertaining to the resolutions being proposed, financial performance, business operations, corporate governance matters and other matters that are of shareholders' concerns. The summary of key matters discussed during the previous AGMs were made available on the Company's website in accordance with paragraph 9.21(2)(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Board appointed the Group CEO as its representative to address any queries raised by shareholders, stakeholders and analysts. The Chairmen of Board Committees supplemented the discussions on matters that fall under the purview of the respective Committees.</p> <p>The responsibilities of the Directors to attend and actively engage shareholders during the General Meetings are codified in the Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Press Metal on a relative scale based on its size does not have a large number of shareholders. General meetings have been held at an easily accessible venue to facilitate high shareholders' attendance.</p> <p>The Company had adopted electronic polling system of voting for greater transparency. The voting procedures are conducted by poll administrator and an independent scrutineer is appointed to validate the votes casted. Shareholders may also opt to appoint their proxy to exercise their right to participate and vote at a general meeting in accordance with the provisions of the Company's Constitution.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company will continue to monitor and re-asses the adoption of Practice 12.3 when the required infrastructure to facilitate such mode of voting, technical support and readiness of shareholders are in place.
<b>Timeframe</b>	:	Others

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

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

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