

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5277  
**COMPANY NAME** : FOUNDPAC GROUP BERHAD  
**FINANCIAL YEAR** : June 30, 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 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.*

## 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 has full control of and is responsible for the Group's strategic aims, ensure the necessary resources are in place for the Group to meet its objectives and review management performance. The Board has set the Group's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.</p> <p>The Group has adopted top-down strategic planning process whereby the Executive Directors will periodically formulate Group's strategy and communicate it down to the organisation for implementation. During the strategic planning process, the Executive Directors will set the Group's mission and objective. The Executive Directors will carry out situation analysis, inclusive of allocation of time, human capital and budget with senior management before formulating the strategy in achieving the Group's objectives. During the implementation of the strategic plans, relevant policies will be set and communicate to the respective team for implementation and necessary organisational changes will be put in place. During the implementation stage, senior management will continuously monitor and to ensure the effectiveness of the plan.</p> <p>The Board is responsible for the good corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and other stakeholders of the Group.</p> <p>All Board members are responsible to the Group for achieving a high level of good corporate governance. Each director has a duty to act in the best interests of the Group. The directors, both individually and collectively, are aware of their responsibilities to the shareholders and other stakeholders for the manner in which the affairs of the Group are managed.</p> <p>Following the guidelines as stated in the MCCG and the Board Charter, the Board recognises the key role it plays in charting the strategic direction of the Group and has assumed the following core responsibilities in discharging its fiduciary and leadership functions:-</p> <ul style="list-style-type: none"> <li>• Set the vision and mission for the Group;</li> <li>• Establish good corporate governance and culture for the Group;</li> </ul>

	<ul style="list-style-type: none"> <li>• Ensure that the Group adheres to high standards of ethics and corporate behaviour including transparency in the conduct of business. In this regard, our directors are required to comply with the Directors' Code of Ethics which amongst others includes the declaration of any personal, professional or business interests, direct or indirect which may conflict with directors' responsibilities as a Board Member and to refrain from voting on such transaction with the Group;</li> <li>• Reviewing and adopting strategic plans for the Group;</li> <li>• Overseeing the conduct of the Group's business and to evaluate whether the business is being properly managed;</li> <li>• Set the goals for the management to meet and monitor their performance by setting relevant Key Performance Indicators ("KPI");</li> <li>• Establish written procedures (such as the Memorandum and Articles of Association, Terms of Reference of relevant Board Committees, Standard Operating Procedure and other documents) in determining which issues required decision of the full Board and which issues can be delegated to relevant Board Committees or to the management;</li> <li>• Establish various relevant Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various Board Committees and acting on their reports;</li> <li>• Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;</li> <li>• Establish succession planning including appointing, training, fixing the compensation of, and, where appropriate, replacing senior management;</li> <li>• Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;</li> <li>• Ensure that the financial statements of the Group and the Company are fairly stated and conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;</li> <li>• Developing and implementing an appropriate investor relations and communications policy for the Group.</li> </ul> <p>Subject to the applicable laws and Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), our Board reserves full decision-making powers on the following matters:-</p> <ul style="list-style-type: none"> <li>• Corporate strategies and plans;</li> <li>• Conflict of interest issues relating to a substantial shareholder or a director;</li> <li>• Material acquisitions and disposition of assets not in the ordinary course of business;</li> <li>• Material investments in capital projects;</li> <li>• Risk management and internal control policies;</li> <li>• Key human resource issues.</li> </ul> <p>The Board has delegated some of its duties and responsibilities to various committees within the Board. Currently the Board has established 5 Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC"), Risk Management Committee ("RMC") and Employees' Share Option Scheme ("ESOS") Committee, the primary functions of which are to</p>
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	<p>assist the Board in overseeing the affairs of the Company and these Committees have been entrusted with specific responsibilities and authority. The authorities and functions of these Board committees are properly set out in their respective Terms of Reference.</p> <p>The abovementioned Committees are authorised to examine specific issues and report to the Board with their recommendations. The responsibility of decisions on all matters ultimately lies with the Board as a whole. The Board receives regular reports on the respective Committees' proceedings and deliberations. On matters reserved for the Board and where Committees have no authority to make decisions, recommendations are highlighted in their respective reports for the Board's deliberation and endorsement.</p> <p>The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Additional meetings will be convened when the needs arise.</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 1.2

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>Mr. Tan Cheik Eaik was appointed as the Independent Non-Executive Chairman of FoundPac Group. Mr. Tan has been acting as facilitator at meetings of the Board to ensure the discussion takes place effectively and constructively, the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that Board discussions lead to appropriate decisions.</p> <p>Mr. Tan has also from time to time communicate with the senior management to ensure that our Group complies with all relevant laws and regulations. He has also playing the role to promote and leading our Group to apply recommended best practices relevant to our 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

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>Our Company practises a division of responsibilities between the Chairman of the Board and the Chief Executive Officer ("CEO"). Their roles are separately and clearly defined to ensure a balance of power and authority, increase accountability and greater capacity of the Board for independent decision.</p> <p>The Chairman of the Board is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The CEO is responsible for implementation the policies, strategies and decisions adopted by the Board as well as the day-to-day management of the Company's operations and shall adhere to the guidelines and instructions provided by the Board.</p> <p>Currently, the Board is chaired by Tan Cheik Eaik, one of the Independent and Non-Executive Director of FoundPac Group and Lee Chun Wah is the Executive Director/ CEO of FoundPac Group. Therefore, there is a clear division between the Chairman of the Board and the CEO which ultimately allows the Chairman of the Board to have the time and capacity to focus on his role and responsibility whilst ensuring clear balance of power and authority and to provide a clear demarcation of power between the strategy and policy-making process and the day-to-day management of our 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

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>Both Company Secretaries of our Company have legal credentials, and are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016.</p> <p>The roles and responsibilities of our Company Secretaries include, but not limited to the following:-</p> <ul style="list-style-type: none"><li>• manage all Board and Board Committees meeting logistics, attending and recording minutes of all meetings and facilitate Board communications;</li><li>• advise the Board on its roles and responsibilities;</li><li>• facilitate the orientation of new directors and assist in director training and development;</li><li>• advise the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;</li><li>• ensure that the relevant procedures are followed and rules and regulations are complied with by the Board;</li><li>• monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;</li><li>• update the Board, from time to time, on changes in the laws, governance and other regulatory requirements;</li><li>• provides the Board with information pertaining to the Group and Company's business affairs to enable the Board to discharge its responsibilities effectively; and</li><li>• managing processes pertaining to the annual general meeting.</li></ul> <p>The Board is satisfied with the service and support rendered by our Company Secretaries in discharge of their functions. Our Company Secretaries possess adequate knowledge and experience to carry out their functions and they undertake continuous professional development.</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>	:		
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## 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 management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.</p> <p>Generally, the notice of meeting for the Board of Directors' meeting and/or respective Committees' meetings are circulated 7 days prior to the meetings.</p> <p>The meeting papers will be prepared and distributed to the Board and respective Board Committees via e-mail. This is to ensure the Board and Committee members are able to access the information timely especially when the directors are oversea. This has proven to be more efficient, thus improving the performance and overall effectiveness of the Board's decision making.</p> <p>Amongst others, the Board papers include the following:-</p> <ul style="list-style-type: none"><li>• Quarterly financial report and report on the cash and borrowing positions of the Group;</li><li>• Minutes of meetings of all Committees of the Board;</li><li>• Reports on Related Party Transactions and Recurrent Related Party Transactions, if any;</li><li>• A current review of the operations of the Group;</li><li>• Summary of directors' share-dealings, announcements and Directors' Circular Resolution passed during the period from the previous Board meetings until to date;</li><li>• Reports from Internal and External Auditors, if any.</li></ul> <p>In promoting productive discussion during the respective meetings, the directors may seek advice from the management on issues under their respective purview. The directors may also interact directly with the management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them. In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual directors may also obtain independent professional or other advice in furtherance of their duties, subject to the approval of the Chairman or the Board, depending on the quantum of the fees involved.</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 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 Charter serves as a reference and primary induction literature providing all Board members and management insights into the fiduciary and leadership functions of the Board.</p> <p>The Board Charter clearly sets out:-</p> <ul style="list-style-type: none"> <li>• the respective roles and responsibilities of the Board, Board Committees, individual directors and management;</li> <li>• issues and decisions reserved for the Board;</li> <li>• Board composition and balances; and</li> <li>• processes and procedures for convening their meetings.</li> </ul> <p>The Board reviews the Board Charter regularly, to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board’s strategic intent as well as relevant standards of corporate governance.</p> <p>A copy of the Board Charter, last reviewed by the Board on 18 September 2018 is available at the Company’s website, <a href="http://www.foundpac.com">www.foundpac.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 3.1

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 Company's Codes of Ethics for directors continue to govern the standards of ethics and good conduct expected of directors. The directors are, collectively and individually, aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.</p> <p>The Code of Ethics is intended to focus on the Board and each director based on principles of integrity, responsibility, sincerity and corporate social responsibility. The Code of Ethics is designed to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following objectives:-</p> <ul style="list-style-type: none"> <li>• to establish a standard of ethical behaviour for directors;</li> <li>• managing conflict of interest; and</li> <li>• preventing the abuse of power, corruption and insider trading.</li> </ul> <p>A copy of the Code of Ethics is available at the Company's website, <a href="http://www.foundpac.com">www.foundpac.com</a>.</p> <p>The Code of Conduct for employees is also in place to provide guidance to all employees of the Group to meet performance standards and behave appropriately in the workplace. The policies, practices and procedures of the Code of Conduct for employees are clearly outlined in the Employee Handbook of the Group. The Code of Conduct for employees is integrated into our Group management practices and reviewed periodically by the 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**

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 has established, reviewed and implemented the policies and procedures on whistleblowing.</p> <p>The Whistle-Blowing Policy of FoundPac Group is in place with the objective to facilitate the stakeholders of the Group to report genuine concerns or allegations to a senior or independent member of the management of the Group about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group. The policy is designed to provide protection to those who makes the allegation or reports the misconduct.</p> <p>The Whistle-Blowing Policy of FoundPac Group has detailed the procedures in making report.</p> <p>A copy of the Whistle-Blowing Policy is available at the Company's website, <a href="http://www.foundpac.com">www.foundpac.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

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The MCCG recommends the practice of at least half of the Board comprises Independent Directors. Currently, 3 out of 6 of our directors are Independent Directors. This composition complied the MCCG's recommended practice and Para 15.02 of the Main LR whereby the Company must have at least two (2) directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.</p> <p>The Independent Directors upon their appointment, gave to the Company a letter of confirmation as an Independent Director as defined under Paragraph 1.01 of the Main LR.</p> <p>In addition, the assessment of independence of the Independent Directors is conducted on an annual basis via the Forms of declaration of independence, to facilitate the process of determining the Director's independence on an annual basis by each Independent Director. The NC also reviews the Directors Profile of Independent Directors and assesses its family relationship, interest of shareholdings in the Company, any significant transaction with the Group (if any).</p> <p>In view of the fact that independent and objective judgement could be compromised by amongst others, familiarity or close relationship with other Board members, the Board recognised the importance to focus beyond the Independent Directors' background, economic and family relationships, and consider whether the Independent Directors could continue to bring independent and objective judgement to Board deliberations.</p> <p>Among the criteria considered for independency includes: ability to exercise independent comments, judgment, and constructive contribution at all times required from an effective Board member. The relationship between the Independent Directors with substantial shareholders, Executive Directors, persons related to the Executive Director/Major Shareholder, business transactions with the Group and their tenure of office will also be reviewed.</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>	:		
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**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>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<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 4.3 - 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>Our Company practices in the appointment of the Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations, as well as help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are taken into consideration by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board. While the Executive Directors are responsible for the management of the Company.</p> <p>The Board comprises a mix of qualified and experienced directors with diverse experience, background and expertise. The combination of diverse professionals with varied background, experience and expertise in finance and corporate affairs have also enables the Board to discharge its responsibilities effectively and efficiently. The Board through the NC regularly reviews the composition of the Board and Board Committees.</p> <p>A brief profile of each director is presented in this Annual Report. The skillsets and diversity of the existing Board are as follows:-</p> <table border="1"> <thead> <tr> <th rowspan="2">Directors</th> <th rowspan="2">Nationality</th> <th rowspan="2">Designation</th> <th colspan="6">Industry / Background Experience</th> </tr> <tr> <th>Technology</th> <th>Marketing</th> <th>Industrial</th> <th>Corporate</th> <th>Accounting / Finance</th> <th>Law / legal</th> </tr> </thead> <tbody> <tr> <td>Tan Cheik Eaik</td> <td><i>Malaysian</i></td> <td><i>Independent Non-Executive Chairman</i></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Lee Chun Wah</td> <td><i>Malaysian</i></td> <td><i>Executive Director/CEO</i></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Tan Sin Khoo</td> <td><i>Malaysian</i></td> <td><i>Non Independent Non-Executive Director</i></td> <td>√</td> <td></td> <td>√</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ong Choon Heng</td> <td><i>Malaysian</i></td> <td><i>Executive Director/CFO</i></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> </tr> <tr> <td>Chan Bee Cheng</td> <td><i>Malaysian</i></td> <td><i>Independent Non-Executive Director</i></td> <td></td> <td></td> <td></td> <td></td> <td>√</td> <td></td> </tr> <tr> <td>Teoh Lay Fung</td> <td><i>Malaysian</i></td> <td><i>Independent Non-Executive Director</i></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>√</td> </tr> </tbody> </table>	Directors	Nationality	Designation	Industry / Background Experience						Technology	Marketing	Industrial	Corporate	Accounting / Finance	Law / legal	Tan Cheik Eaik	<i>Malaysian</i>	<i>Independent Non-Executive Chairman</i>	√	√	√	√			Lee Chun Wah	<i>Malaysian</i>	<i>Executive Director/CEO</i>	√	√	√	√			Tan Sin Khoo	<i>Malaysian</i>	<i>Non Independent Non-Executive Director</i>	√		√				Ong Choon Heng	<i>Malaysian</i>	<i>Executive Director/CFO</i>		√	√	√	√		Chan Bee Cheng	<i>Malaysian</i>	<i>Independent Non-Executive Director</i>					√		Teoh Lay Fung	<i>Malaysian</i>	<i>Independent Non-Executive Director</i>						√
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Directors	By Composition				
	Age		Ethic	Gender	
	40 – 49 years	50 – 59 years	Chinese	Male	Female
Tan Cheik Eaik		√	√	√	
Lee Chun Wah	√		√	√	
Tan Sin Khoon		√	√	√	
Ong Choon Heng	√		√	√	
Chan Bee Cheng	√		√		√
Teoh Lay Fung	√		√		√
<p>The Board takes cognisance of diversity relating to ethnicity and will endeavour to comply with the principles and recommendations of the relevant guidelines in relation to corporate governance. The Board will continue to tap talent from human capital market from time to time with the aim of invite the participation of Bumiputra director in its Board.</p>					
<b>Explanation :</b> <b>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>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has not set gender diversity target as of the reporting period. The Board is of the view that the appointment of Board member or management should be determined based on objective criteria, merit and with due regard for diversity in skills, experience and other qualities regardless of gender but will nevertheless consider appointing more directors of the female gender where suitable to be in line with the MCCG’s target.</p> <p>As of the reporting period, two (2) out of six (6) of our directors are female directors, which in line with the MCCG’s recommendation.</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 4.6

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>	:	The Board noted that it shall not solely rely on recommendations from the existing Board members, management or substantial shareholders in identifying candidates for appointment of directors. The Board will utilise independent sources to identify suitably qualified candidates for future candidates of directors.  During the financial year ended 30 June 2018, no new director was appointed.	
<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>	:	The NC is chaired by Mr. Tan Cheik Eaik, our Independent Non-Executive Chairman.	
<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>The NC has established a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, each Board Committee and to review the performance of the Board as a whole. The criteria for assessment of directors includes attendance record, intensity of participation at meetings, quality of interventions and special contributions.</p> <p>The effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility as well as the effectiveness of the Chairman of the respective Board Committees. The effectiveness of the Board as a whole is assessed in the areas of the Board's role and responsibilities and composition, attendance record, intensity of participation at meetings and quality of interventions</p> <p>In August 2018, the NC has carried out annual evaluation on the performance of each member of the Board, each Board Committee and to review the performance of the Board as a whole.</p> <p>The annual evaluation involves members of the Board completing the evaluation questionnaires to appraise the performance of the Board and undertaking self and peer evaluation, whereby Directors will assess their own performance and that of their fellow directors. Summary of the evaluation results by element will be report to the Board by the Chairman of NC.</p> <p>The NC had assessed the overall effectiveness of the Board and the performance of individual directors for financial year ended 30 June 2018 and is satisfied with the effectiveness demonstrated. All the directors have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the Main LR. In the interval between Board meetings, for any matters requiring Board's decisions, the Board's approvals are obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board meeting.</p> <p>During the financial year ended 30 June 2018, the Board held five (5) meetings. The details of the attendance are as follows:-</p> <table border="1"><thead><tr><th><b>Name of Director</b></th><th><b>Attendance</b></th></tr></thead><tbody><tr><td>Tan Cheik Eaik</td><td>5/5</td></tr><tr><td>Lee Chun Wah</td><td>5/5</td></tr><tr><td>Tan Sin Khoon</td><td>5/5</td></tr><tr><td>Ong Choon Heng</td><td>5/5</td></tr><tr><td>Chan Bee Cheng</td><td>5/5</td></tr><tr><td>Teoh Lay Fung</td><td>5/5</td></tr></tbody></table>	<b>Name of Director</b>	<b>Attendance</b>	Tan Cheik Eaik	5/5	Lee Chun Wah	5/5	Tan Sin Khoon	5/5	Ong Choon Heng	5/5	Chan Bee Cheng	5/5	Teoh Lay Fung	5/5
<b>Name of Director</b>	<b>Attendance</b>														
Tan Cheik Eaik	5/5														
Lee Chun Wah	5/5														
Tan Sin Khoon	5/5														
Ong Choon Heng	5/5														
Chan Bee Cheng	5/5														
Teoh Lay Fung	5/5														



To ensure that the directors have the time to focus and fulfil their roles and responsibilities effectively and in line with the Main Market Listing Requirement of Bursa Securities, a director of FoundPac Group must not hold directorships of more than five (5) Public Listed Companies and must be able to commit sufficient time to FoundPac Group.

The Board is satisfied with the level of time commitment given by the directors of the Company towards fulfilling their duties and responsibilities.

The NC also assessed the training needs of the Board and reminded the Board to continue to attending training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changes in market trends, technological advancements and legislation and regulations affecting the Company and the Group.

The training programmes attended by the directors during the financial year ended 30 June 2018 are as follows:-

<b>Name of Director</b>	<b>Date / Duration</b>	<b>Seminar/Training Programmes attended</b>
Tan Cheik Eaik	Monthly/ 12 Days	The Vistage Chief Executive Program by Vistage Malaysia Sdn Bhd
	13-Nov-2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd
Lee Chun Wah	13-Nov-2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd
Tan Sin Khoo	13-Nov-2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd
Ong Choon Heng	21-Aug-2017/ 1 Day	GST Impact of 2017 Updates on Licenced Manufacturing Warehouse and Free Zone by Malaysian Institute of Accountants
	11-Nov-2017/ 1 Day	GST and Budget 2018 Talk with Dr. Choong Kwai Fatt by SQL Account
	13-Nov-2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd
Chan Bee Cheng	13-Sep-2017/ 1 Day	Complete and Practical on GST with Income Tax Integration: GST – A Cost, An Expense or A Credit? by Choong Research & Training PLT
	26-Sep-2017/ Half day	Fraud Risk Management Workshop by Bursa Malaysia Berhad
	10-Nov-2017/ 1 Day	12 <sup>th</sup> Advent MS Tax & Business Management Seminar by Advent MS Tax Sdn Bhd
	15-Mar-2018/ Half day	Corporate Governance Briefing Sessions: MCCG Reporting & CG Guide by Bursa Malaysia Berhad
	24-May-2018/ 1 Day	Sales and service tax outlook, income tax audit convergence with GST audit by Dr Choong Kwai Fatt by ACCA
Teoh Lay Fung	13-Nov-2017/ 1 Day	2018 National Budget & Tax Planning Conference by Crowe Horwath CPE Sdn Bhd

The Board, through the NC, assessed the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and his involvement in any significant transaction with the Group.

	<p>Among the criteria considered for independency includes: ability to exercise independent comments, judgment, and contribution constructively at all times for an effective Board. The relationship between the Independent Directors with substantial shareholders, Executive Directors, persons related to the Executive Director/ substantial shareholder, business transactions with the Group and their tenure of office will also be reviewed.</p> <p>The NC had reviewed the independence of the Independent Directors for financial year ended 30 June 2018 and is satisfied with the independency demonstrated.</p>	
<b>Explanation :</b> <b>for</b> <b>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 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 Group as well as skills and experience required. Our remuneration policies and decisions are made through a transparent and independent process. The policies and procedures are periodically reviewed.</p> <p>Our remuneration policy of the Group is summarised as follows:-</p> <ul style="list-style-type: none"> <li>• The salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflect the performance of the director, skills and experience as well as responsibility undertaken;</li> <li>• Directors' fees are based on a standard fixed fee and are subject to approval by its shareholders at the annual general meeting;</li> <li>• Meeting allowance - All directors are entitled to a fixed amount of allowance paid in accordance with the number of meeting attended during the year and are subject to approval by its shareholders at the annual general meeting;</li> <li>• Benefits-in-kind - only Executive Directors of the Group are entitled to benefits-in-kind provided by the Group; and</li> <li>• The RC may obtain independent professional advice in formulating the remuneration package of the directors.</li> </ul> <p>The policies and procedures is available at the Company's website, <a href="http://www.foundpac.com">www.foundpac.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>	:		
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### 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 RC to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of the Board and senior management.</p> <p>The RC is responsible for developing the Company's remuneration framework and determining the remuneration package of the Company's directors and ensure that the remuneration package is competitive and consistent with the Company's business strategy and long-term objectives.</p> <p>The present composition of the RC consists of three (3) members of the Board, majority of whom are Independent Non-Executive Directors.</p> <p>The NC took note that following the introduction of MCCG, the RC should only consist of Non-Executive Directors and a majority of them must be Independent Directors. The NC has reviewed the composition of RC and of the view that despite the Directorate of Mr. CH Ong as an Executive Director of the Company, the participation of Mr. CH Ong as a member of RC would facilitate an effective discussion on remuneration of directors, having regard to the Company's operating results, individual performance and comparable market statistics. In view of this, the NC resolved that Mr. CH Ong shall remain as a member of the RC.</p> <p>The Terms of Reference of the RC can be viewed on the Company's website at <a href="http://www.foundpac.com">www.foundpac.com</a>.</p> <p>The duties and responsibility of the RC include the followings:-</p> <ul style="list-style-type: none"><li>a) to review and recommend to the Board in consultation with management, a framework of remuneration and to determine the specific remuneration packages and terms of employment for each of the Executive Directors of the Company;</li><li>b) to review and recommend to the Board in consultation with management, a framework of remuneration and to determine the remuneration packages for the Non-Executive Directors of the Company;</li></ul>

	<p>c) to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time;</p> <p>d) to produce an annual reporting of the remuneration policy which will form part of the Company's Annual Report and/or financial statements;</p> <p>e) as part of its review on the framework of remuneration, the RC shall ensure that all aspects of remuneration including director's fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;</p> <p>f) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing the performance of individual Executive Directors of the Company;</p> <p>g) to determine the policy for and scope of service agreements for the directors, termination payments and compensation commitments, including fixing appointment period for the directors; and</p> <p>h) to ensure the level of remuneration for Non-Executive Directors and Independent Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.</p> <p>The RC meets at least once a year or at any other times as the Chairman or any member of the RC decides. The quorum for each meeting shall be two (2) of whom must be majority of Non-Executive Directors and at least one (1) must be an Independent Director.</p> <p>The RC held one (1) meeting during the year to review the Directors' Remuneration for the financial year ending 30 June 2019.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

## 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> :	Detailed disclosure on named basis for the remuneration of individual directors for the financial year ended 30 June 2018 are as follows:-				
	<b>Category</b>	<b>Fee (RM)</b>	<b>Salary and * Other Emoluments (RM)</b>	<b>ESOS (RM)</b>	<b>Total (RM)</b>
	<b>Company</b>				
	Tan Cheik Eaik	48,000	9,000	45,455	102,455
	Chan Bee Cheng	36,000	12,000	45,455	93,455
	Teoh Lay Fung	36,000	9,000	45,455	90,455
		<b>120,000</b>	<b>30,000</b>	<b>136,365</b>	<b>286,365</b>
	<b>Subsidiary</b>				
	Lee Chun Wah	-	756,461	113,636	870,097
	Tan Sin Khoon	-	765,070	113,636	878,706
	Ong Choon Heng	-	378,876	113,636	492,512
		-	<b>1,900,407</b>	<b>340,908</b>	<b>2,241,315</b>
	<b>Group</b>	<b>120,000</b>	<b>1,930,407</b>	<b>477,273</b>	<b>2,527,680</b>
	* Other emoluments mainly consist of allowances, bonuses and the defined contribution plans.				
<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>	:	Departure							
<b>Explanation on application of the practice</b>	:								
<b>Explanation for departure</b>	:	<p>The aggregate remuneration of the top five senior management of the Group during the financial year analysed into bands of RM50,000, are as follows:-</p> <table border="1" data-bbox="560 927 1398 1055"> <thead> <tr> <th>Range of Remuneration</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM150,001 to RM200,000</td> <td>3</td> </tr> <tr> <td>RM300,001 to RM350,000</td> <td>2</td> </tr> </tbody> </table> <p>Details of the remuneration of the top five senior management on a named basis are not disclosed in this report as the Board is of the view that the transparency and accountability aspects of the MCCG on disclosure of the remuneration of top five senior management are appropriately served by the above remuneration disclosures in bands of RM50,000.</p> <p>It is commercially disadvantageous to reveal the remuneration of the top senior management in this very competitive environment.</p> <p>Alternative Practice: None</p>		Range of Remuneration	Number of Senior Management	RM150,001 to RM200,000	3	RM300,001 to RM350,000	2
Range of Remuneration	Number of Senior Management								
RM150,001 to RM200,000	3								
RM300,001 to RM350,000	2								
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>									
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.							
<b>Timeframe</b>	:	Choose an item.							



**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<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>	:	The Chairman of the AC is not the Chairman of the Board.	
<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 Board took note on Practice 8.2 of the MCCG to have 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 AC.</p> <p>In view of this, the Board has on 19 September 2017 adopted the 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 AC.</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 AC has undertaken an annual assessment on the suitability, objectivity and independence of the External Auditors and make recommendation to the Board for the re-appointment of the External Auditors and has concluded that, amongst others as set out below, the External Auditors performance for the financial year ended 30 June 2018 was found adequate and thereby recommended the re-appointment of Messrs. Crowe Malaysia (formerly known as Crowe Horwath) as the External Auditors of the Group to the Board for approval by its shareholders in the forthcoming annual general meeting:-</p> <ul style="list-style-type: none"><li>• after having satisfied with its audit independence and the quality processes/ performance throughout its course of audit for the financial year ended 2018;</li><li>• able to give adequate technical support when audit issue arisen; and</li><li>• adequate experience and resources for the audit engagements.</li></ul> <p>On 18 September 2018, the Board has adopted the Policy for the Assessment of the Suitability and Independence of External Auditors. Accordingly, the Committee has established an Assessment Questionnaires. The areas assessed were (i) calibre; (ii) quality processes / performance; (iii) audit team; (iv) independence and objectivity; (v) audit scope and planning; (vi) audit fees; and (vii) audit communication.</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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Our AC comprises of solely Independent Directors.

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>This composition of our AC meets the requirements of paragraph 15.09(1)(a) and (b) of the Main LR.</p> <p>Ms. Chan Bee Cheng, the Chairman of the AC, is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants (MICPA) as well as the Malaysian Institute of Accountants (MIA). Accordingly, this meets the requirements of paragraph 15.09(1)(c) of the Main LR. The other two members of our AC, Mr. Tan Cheik Eaik is the CEO of a Public Listed Company whilst Ms. Teoh Lay Fung is a lawyer by profession. All members of the AC are financially literate and believed to be able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AC.</p> <p>The NC had on 14 August 2018 assessed the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The NC is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.</p> <p>All members of the AC are mindful that they should undertake continuous professional development to keep themselves abreast of relevant developments in 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>	:		
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### 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 Group has formalised the risk management process of the Group through a Group Risk Management Framework.</p> <p>Under this Framework, a RMC and a Risk Management Working Group (“RMWG”) have been formed.</p> <p>The RMWG which consists of managers and key staff, together with the RMC which consists of majority of Independent Directors, oversee the Group’s risk management process.</p> <p>The RMWG reports to the RMC on a periodic basis. The RMC will then meet to discuss and evaluate the RMWGs’ reports for adoption. Thereafter, the RMC will report to the AC about key risks and risk management activities carried out during that period. The AC will review the report and confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified.</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 9.2

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 RMWG, consisting of managers and key staff, has the main function of identifying and assessing business and compliance risks by employing the following methodologies:-</p> <ul style="list-style-type: none"> <li>• Identification of significant risks by the process owners</li> <li>• Assessment of the likelihood and impact of the risks identified</li> <li>• Evaluating the control strategies in relation to the risks</li> <li>• Formulating action plan to address control deficiencies</li> <li>• Setting Key Risk Indicators to monitor the risks</li> </ul> <p>The RMC, consisting of majority of Independent Directors, has the main functions of:-</p> <ul style="list-style-type: none"> <li>• Consider the risk management reports submitted by RMWG</li> <li>• Assess the Group's key risks in relation to the Group's appetite</li> <li>• Formulating risk management strategies</li> <li>• Report to the AC</li> </ul> <p>The Board through the AC has performed annual review on the adequacy and effectiveness of the risk management and internal control framework of the Group, and overall satisfied with adequacy and effectiveness of the framework.</p> <p>The Statement on Risk Management and Internal Control set out on pages 38 to 39 of the Annual Report provides an overview on the state of risk management and internal controls within 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**

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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has established a RMC, which comprises a majority of Independent directors, to oversee the Company's risk management framework and policies.

## 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 Group outsourced its internal audit ("IA") function to an independent professional firm, Finfield Corporate Services Sdn. Bhd. since 22 February 2017.</p> <p>The IA plan was circulated to the AC prior to the execution of the assignment. Findings arising from the IA exercise were reported and discussed at the AC meeting.</p> <p>IA is carried out to assess the adequacy and integrity of the internal control system of the Group based on the IA plan reviewed and approved by the AC. Based on the audits, the internal auditors will advise management on areas of improvement and subsequently, initiate follow-up actions to determine the extent of implementation of their recommendations.</p> <p>The IA engagements were carried out based on the approved IA plan. The results of the audits as disclosed in the IA reports were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. IA conducted follow-up audits on key engagements to ensure that the corrective actions were implemented appropriately. In this respect, IA has added value by enhancing the governance, risk management and control processes within the Group. During the year under review, the internal auditors have not reported any significant weaknesses in the system of internal controls 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

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 AC assessed and satisfied on the credential of Finfield Corporate Services Sdn. Bhd. prior to the engagement of the firm as its Internal Auditors. Our internal audit engagement with Finfield Corporate Services Sdn. Bhd. is led by its executive director, Mr. Tan Yen Yeow, who is a member of Malaysia Institute of Accountants and Institute of Internal Auditors of Malaysia. Mr. Tan began his professional career with KPMG in 1990 as an articled student under the MICPA programme. After serving for 9 years at KPMG, he left and set up his audit firm, Tan Yen Yeow &amp; Company in 2001. He has been involved in providing professional services which including auditing, internal auditing and risk management.</p> <p>The AC satisfied that Finfield Corporate Services Sdn. Bhd. is a reputable firm with vast exposure and having adequate resources and expertise in internal audit, for its appointment as the Internal Auditors of the Group. It also believed that the internal audit personnel are free from any relationships or conflicts of interest with the Group, which could impair their objectivity and independence.</p> <p>For purposes of identifying and prioritising risks and formulating the Internal Audit Plan, the Internal Auditors will discuss with the RMC and the RMWG, review management reports and financial statements. The Internal Auditors report directly to the AC on its activities based on the approved annual Internal Audit Plans. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes.</p> <p>During the financial year under review, the Internal Auditors carried out reviews on the following areas in two subsidiaries:-</p> <ul style="list-style-type: none"><li>• Purchasing and subcontractors</li><li>• Accounts payable</li><li>• Bank and payments</li></ul> <p>The findings of their audits were tabled at the AC meetings for deliberation.</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 ensures there is effective, transparent and regular communication with its stakeholders.</p> <p>The Board recognises the importance of maintaining transparency and accountability to its shareholders and investors and to disseminate information on the Company's performance and any significant developments to ensure that they are informed of all material business matters on a timely manner.</p> <p>Presently, the Board and management of the Company communicate regularly with its shareholders and other stakeholders through the following channels of communication:-</p> <ul style="list-style-type: none"><li>a) <b>Bursa Malaysia Securities Berhad</b> The Company releases all material information publicly through Bursa Malaysia Securities Berhad and the shareholders and the public in general may obtain such announcements and financial information from the website of Bursa Malaysia Securities Berhad.</li><li>b) <b>Company Website</b> Our Company's website, <a href="http://www.foundpac.com">www.foundpac.com</a>, incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by both shareholders and the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company.</li><li>c) <b>Analyst Briefings and One-to-One Meetings</b> Analyst briefings and one-to-one meeting with analysts and fund managers are held from time to time upon request and availability to provide updates on the Company's strategy, financial and operational performance.</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

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>	:	The Board is mindful on the benefit of Integrated Reporting. Nevertheless, due to the limited resources and considering the size of the Group, the Board has assessed and of the opinion that it is deemed not cost effective that Integrated Reporting is required at this juncture.	
		Alternative Practice: None	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company despatched the notice of 2<sup>nd</sup> AGM on 30 October 2017 for holding the said AGM on 22 November 2017 where the notice was given to the shareholders at least 21 days prior to the meeting in accordance to the requirement under Companies Act 2016 and Main LR. The notice of 2<sup>nd</sup> AGM was not circulate at least 28 days before the meeting as that is the first year for the Board to prepare the Annual Report since its listing.</p> <p>For 3<sup>rd</sup> AGM to be held on 21 November 2018, the Board dispatches its notice of 3<sup>rd</sup> AGM to shareholders at least 28 days before the meeting. The additional time given the shareholders would allow them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney. This would also enable the shareholders to properly consider the resolutions that will be discussed and decided at the meeting.</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>	:	The Board took note that the presence of all directors at the AGM will provide opportunity for shareholders to effectively engage each director. Besides, having the chair of the Board subcommittees present facilitates these conversations and allows shareholders to raise questions and concerns directly to those responsible. Accordingly, barring unforeseen circumstances, all directors as well as the Chairman of respective Board Committees (i.e. AC, NC, RC, RMC and ESOS Committee) will present at the forthcoming AGM of the Company to enable the shareholders to raise questions and concerns directly to them.	
<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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company allows a member to appoint a proxy who may not be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. FoundPac has not set the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for Omnibus account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Articles of Association of the Company further accord proxies the same rights as members to speak at the general meetings. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.</p> <p>Despite the recommendation of Practice 12.3 that the Company with large number of shareholders should have meetings in remote locations and in leverage technology to facilitate voting including voting in absentia and remote shareholders' participation at the general meeting, the Board assessed and of the opinion that meetings in remote locations is not necessary and costly to the Company in view of the current numbers of shareholders of the Company.</p> <p>In line with the Practice 12.3 of the MCCG in promoting electronic voting, the Board had since the previous AGM adopted electronic voting taking into consideration the following advantages of electronic voting:-</p> <ul style="list-style-type: none"> <li>• more accurate and transparent voting results;</li> <li>• shorter turnaround time for declaration of results;</li> <li>• making voting more accessible even for the disabled;</li> <li>• reduce administrative cost and paper work; and</li> <li>• remove the need for physical ballot papers.</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>	:		
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**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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