

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5191
COMPANY NAME : Tambun Indah Land Berhad
FINANCIAL YEAR : 31 December 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.

Application	: Applied						
Explanation on application of the practice	<p>The Board of Directors ("Board") of Tambun Indah Land Berhad ("Tambun Indah" or the "Company") plays an important role in overseeing the overall performance objectives and long term success and sustainability of the Group.</p> <p>The Board had established a governance structure where certain areas of responsibilities are delegated for greater efficiency as depicted below:</p> <div style="text-align: center;"> <table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="background-color: #f2f2f2; padding: 5px;">BOARD OF DIRECTORS</th> </tr> <tr> <th style="background-color: #d9e1f2; padding: 5px;">BOARD COMMITTEES</th> <th style="background-color: #d9e1f2; padding: 5px;">GROUP MANAGING DIRECTOR</th> </tr> <tr> <td style="padding: 5px;"> <ul style="list-style-type: none"> Audit Committee Nominating Committee Remuneration Committee Risk Management Committee ESOS Committee </td> <td style="padding: 5px;"> <ul style="list-style-type: none"> Executive Directors Senior Management Management Working Group </td> </tr> </table> </div> <p>The Board Committees operate within a clearly defined terms of reference. The respective terms of reference are set out in the Board Charter which is available at the Company's website (www.tambundah.com).</p> <p>The Board Committees as at 31 December 2018 are as follows:</p> <ol style="list-style-type: none"> 1. Audit Committee ("AC"); 2. Nominating Committee ("NC"); 3. Remuneration Committee ("RC"); 4. Risk Management Committee ("RMC"); and 5. ESOS Committee. 	BOARD OF DIRECTORS		BOARD COMMITTEES	GROUP MANAGING DIRECTOR	<ul style="list-style-type: none"> Audit Committee Nominating Committee Remuneration Committee Risk Management Committee ESOS Committee 	<ul style="list-style-type: none"> Executive Directors Senior Management Management Working Group
BOARD OF DIRECTORS							
BOARD COMMITTEES	GROUP MANAGING DIRECTOR						
<ul style="list-style-type: none"> Audit Committee Nominating Committee Remuneration Committee Risk Management Committee ESOS Committee 	<ul style="list-style-type: none"> Executive Directors Senior Management Management Working Group 						

	<p>The roles of independent directors in the AC, NC and RC are fundamental to good corporate governance. The independent directors bring independent views, advice and judgements, taking into account the long-term interest of shareholders, employees, customers, suppliers and other stakeholders of the Group.</p> <p>The Board then keeps itself abreast of the key issues and/or decisions made by each Board Committee through the reporting by Chairman of each Committee and the tabling of Board Committee's Minutes of the applicable period for notation by the Board.</p> <p>On the other hand, the Group Managing Director ("MD") is responsible for the overall management of business and operations of the Group. He is supported by the Executive Directors, the Senior Management and the Management Committee or Working Group. The members of the Management Committee or Working Group consist of management team from various departments to facilitate smooth and effective operations.</p> <p>It is the general policy of the Company that all major decisions be considered by the Board as a whole.</p> <p>During the financial year ended 31 December 2018 ("FY2018") the executive directors and senior management team worked together to formulate the strategies and plans of the Group for approval by the Board. The strategic planning process began at the senior management level after assessment and review of the business environment as well as the progress of the previous year's activities. The senior management also took into consideration feedback from the employees, customers and other stakeholders with whom the Group conducts its business to ensure the best outcome for the ensuing year, and in the best interest of the Group and its stakeholders.</p> <p>During the process, the executive directors held several meetings with the senior management to discuss pertinent issues and concerns in order to deliver the best outcomes.</p> <p>The senior management prepared and presented the internal profit forecast for the review and approval of the Board. The Board then reviewed and approved the plan as tabled.</p> <p>During the FY2018, the Group MD and/or the executive directors provided updates on various operational issues or factors that affecting the Group's businesses to the Board.</p> <p>The Group Chief Financial Officer had assisted in analysing the Group's financial results against the approved business plans for deliberation of the Board.</p> <p>The Group MD is also responsible for the succession planning of key management positions across the Group.</p>
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	During the FY2018, the NC assisted the Board in ensuring an effective and orderly succession planning in the Group. The NC was satisfied that the Group has in line capable senior management in its succession plan.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board, Mr. Lai Fook Hoy performs his duties as an independent non-executive director.</p> <p>The responsibilities of the Chairman, among others, include the following:-</p> <ul style="list-style-type: none"> (a) to provide leadership to the Board, and oversee the Board in the effective discharge of its fiduciary duties; (b) to set the Board agenda, with consultation with the Secretary, Board members and Senior Management to ensure Board member receive complete and accurate information in timely manner; (c) to lead in discussions at meetings and ensure efficient and effective conduct of the Board meetings; (d) to encourage active participation and allow dissenting views to be freely expressed; (e) to manage the interface between the Board and Senior Management; (f) to ensure appropriate steps are taken by the Executive Directors and Senior Management to facilitate an effective communication between the Board and the stakeholders; and (g) to lead the Board in establishing and monitoring good governance practices.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business. In this respect, the Board established a clear distinction and separation of roles between the Chairman of the Board and the Group Managing Director in the Board Charter.</p> <p>The chairman of the Board is Mr Lai Fook Hoy, an Independent Non-Executive Director. While the role of CEO is fulfilled by Mr Teh Kiak Seng (Managing Director).</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries are members of professional bodies and qualified to act as Company Secretaries.</p> <p>The brief profile of the Company Secretaries are as follows:</p> <p>Mr. Lee Peng Loon, is an associate member of the Malaysian Association of Company Secretaries (MACS). He started his career with the Malaysian Inland Revenue Board (IRB) as a senior officer for several years before joining one of the “Big Four” international accounting firms in its taxation division. He was later transferred to head its secretarial division as the Executive Director, a position he had served for 10 years. With more than 35 years of immense tax, accounting and secretarial experiences, he had assisted and supported countless of companies of diverse industries to ensure achievements of the regulatory compliance.</p> <p>Ms. P’ng Chiew Keem, Riko, is an associate member of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA). She started her career with one of the “Big Four” international accounting firms in Malaysia. She had then further her studies in Business Management Education in the Asian Institute of Management (AIM), a pioneer business school in Asia, founded in 1968 by the Harvard Business School, academicians and prominent business leaders. She has more than 20 years of experience in handling corporate secretarial and compliance matters to a large portfolio of clients, indirect tax consulting, accounting and corporate advisory.</p> <p>The primary responsibilities of the Company Secretaries are as follows:</p> <ul style="list-style-type: none">(a) To properly maintain the secretarial records, preparation of resolutions and other secretarial functions of the Company;(b) To issue notice and attend the meetings of the Board, Board Committees and shareholders and to record the minutes of such meetings;(c) To assist in corporate governance practices, by proposing relevant agenda items to be included as recurring meeting agenda;

	<p>(d) To facilitate the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's deliberation;</p> <p>(e) To update the Board on the changes of the listing requirements upon receiving the circulars from Bursa Securities, which are relevant to the Company; and</p> <p>(f) To advise on corporate disclosures and compliances.</p>
<p>Explanation for departure</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>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Board meetings are scheduled in advance before the beginning of a new financial year to enable members of the Board to plan ahead and fit the year's meetings into their schedules.</p> <p>The Board meets at least 4 times a year, once in every quarter with additional meetings to be held when need arises to consider urgent proposals or matters that required expeditious decision or deliberation of the Board.</p> <p>Board papers are circulated at least 7 days in advance of each meeting to enable sufficient time for the directors to peruse the agendas tabled at the meeting and to participate effectively in the meeting. The Board papers encompass all matters in the agendas being considered so that informed decisions could be made by the Board.</p> <p>The proceedings of the Board and Board Committees are properly documented in the minutes including matters where directors abstained from voting or deliberation. The minutes are circulated to all directors before the confirmation by the chairman as a correct record.</p> <p>The Board also approves certain matters of the Company via circular resolutions to be signed by a majority of directors.</p> <p>All the directors have unrestricted access to the services of the Company Secretaries and may inspect the minutes, resolutions and other statutory documents during office hours at the registered office of the Company.</p> <p>The Board met 5 times during the FY2018.</p> <p>During the FY2018, the Board papers and minutes of meetings of the Board and the Board Committees had been circulated in timely manner.</p>
Explanation for departure	:	

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

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company consists the following contents:</p> <ul style="list-style-type: none">(a) Role of the Board (inclusive matters reserved for the Board)(b) Role of Individual Director(c) Role of Chairman(d) Role of Managing Director(e) Role of Independent Non-Executive Directors(f) Role of Board Committees & Terms of References(g) Size and Composition of the Board(h) Nomination & Appointment of Directors(i) Re-election of Directors(j) Tenure of Independent Directors(k) Board Diversity(l) Time Commitment & Acceptance of New Directorship(m) Succession Planning(n) Conflict of Interest(o) Board Performance Evaluation(p) Directors' Training(q) Dealing in Securities(r) Board Meeting(s) General Meeting(t) Remuneration Policies(u) Access to Information & Independent Advice(v) Financial Reporting(w) Company Secretaries(x) Shareholders' Communications(y) Corporate Sustainability Framework(z) Whistle Blowing Policy <p>The Board reviews the Board Charter annually or as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulatory authorities and remain consistent with the policies and procedures of the Board.</p>

	<p>The last review of the Board Charter was on 12 April 2019.</p> <p>A full copy of the Board Charter is available at the Company's website (www.tambunindah.com)</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Business Conducts and Ethics ("Code") of the Company is prepared based on principles relating to integrity, sincerity and accountability in order to enhance the standards of corporate governance and behaviour.</p> <p>The Code consists the following contents:</p> <ul style="list-style-type: none"> (a) Responsibilities and Compliance of the Code (b) Working with Local Communities (c) Fair Dealings (d) Work Environment & Employment (e) Compliance with Laws & Regulations (f) Environment, Occupational Safety & Health (g) Conflict of Interests (h) Gifts (i) Outside Employment (j) Protecting Group Assets (k) Proprietary and Confidential Information (l) Political Activities (m) Whistle Blowing <p>The Board reviews the Code annually to ensure its relevance. The last review of the Code was on 22 February 2019.</p> <p>A copy of the Code is available at the Company's website (www.tambunindah.com)</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Whistle-Blowing Policy (“Policy”) of the Company sets out a formal communication channel for the employees and stakeholders to communicate matters of concern in good faith and without fear of reprisal.</p> <p>The Board reviews the Policy annually to ensure its relevance. The last review of the Policy was on 12 April 2019.</p> <p>The Policy is set out in the Board Charter which is available at the Company’s website (www.tambunindah.com)</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Departed
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at 31 December 2018, members of the Board comprised of 3 independent directors, 1 non-independent non-executive director and 3 non-independent executive directors, which is equivalent to 43% of independent directors representation in the Company's boardroom.</p> <p>The number of independent directors of Tambun Indah complied with the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") where at least 2 directors or 1/3 of the Board members, whichever is higher are independent directors.</p> <p>As alternate practice, the Board operates in the manner that ensures its directors exercise independent judgement and with the interest of the shareholders are always in the forefront when important decisions are made by the Board.</p> <p>Additionally, the Board is helmed by an independent non-executive Chairman and the main Board Committees namely the AC, NC and RC comprised mainly independent directors are essential indicators of independence.</p> <p>Each independent director of the Company is aware of his responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed.</p> <p>The independent assessments and opinions of the independent directors are important in ensuring the effectiveness of corporate governance practices of the Company. No individual director can dominate the decision-making of the Board and/or the Board Committees.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Not Applicable	
Explanation on application of the practice	:	None of the independent directors of Tambun Indah had served 9 years and above.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>Appointment of Director</p> <p>The NC is responsible to assess the suitability of new candidate before his appointment as a director of the Company. In the evaluation, the NC takes into consideration among others the candidate's skills, experience, independency, character, integrity, competency and time commitment of the candidate to effectively discharge his role as a director.</p> <p>The NC will, upon its assessment, submit its recommendation to the Board for approval. The Company Secretary is then responsible to ensure relevant procedures relating to the appointment of the new directors are properly executed.</p> <p>Upon appointment, the new director will be given a copy of the Board Charter, and provided with an induction programme to familiarize the new director with the business activities, corporate governance practices, and other policies of the Group. The programme also allows the new director to get acquainted with the management.</p> <p>During the FY2018, the NC had assessed and recommended the appointment of Ms. Lam Voon Kean as an independent non-executive director.</p> <p>Appointment of Senior Management</p> <p>The Group MD is responsible to assess new candidates for senior management positions based on selection criteria which best matches the requirements of the open position. The MD takes into consideration among others but not limited to diversity in skills, experience, age, cultural background and gender.</p> <p>Upon appointment, the new senior management will be given a copy of the Board Charter, the Company's handbook and policies for him to familiarise with the corporate governance practices and other policies of the Group. The Executive Directors would then introduce the new senior management to the Board.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	The Board had established a policy of at least one female director on the Board. As at 31 December 2018, the Board comprised of 3 female directors, equivalent to 43% women representation on Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	The NC identifies and searches for candidates through various contacts and recommendations from independent sources including proposal from the directors, management and major shareholders. The selection process for appointment of new director is out in Practice 4.4.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	As at 31 December 2018, the NC of Tambun Indah was chaired by Encik Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, an Independent Non-Executive Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board through the NC to perform a formal and objective annual assessment to determine the effectiveness of the Board as a whole, the Board Committees and the contribution of individual director by way of questionnaires.</p> <p>The results of the annual assessment are compiled by the Company Secretary, and presented to the NC for evaluation, and subsequently tabled to the Board for deliberation.</p> <p>During the FY2018, the NC had assessed the effectiveness of the Board as a whole and its Committees. The NC, after considered among others the following factors had recommended the composition of the Board and Board Committee to remain unchanged:</p> <ul style="list-style-type: none"> • Mix of skills and knowledge; • Diversity; • Capabilities and objectivities; • Activities in the boardroom activities; and • Performance of the Board Committees. <p>The NC also assessed the directors based on the self-assessments' questionnaires completed by the individual directors and was satisfied therewith. In their assessments, the NC took into consideration among others but not limited to the character, integrity, personality, independence and contribution of each director.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Remuneration Policy that is objective, fair and transparent in ensuring a competitive remuneration are in place to motivate, reward and retain calibre directors and senior management to manage the Group's business successfully. None of the executive directors or senior management shall participate in deciding their own remunerations.</p> <p>The Board through the RC reviews the remuneration package of the executive directors and senior management. The remuneration package is reflective of the individual performance, function, workload, responsibilities, leadership, team spirit and length of service.</p> <p>The RC also reviews and recommends to the Board the remunerations to be paid to non-executive directors based on their level of responsibilities and commitment required. The directors' fees and benefits determined by the Board are subject to annual shareholders' approval.</p> <p>All directors are covered under Directors' Liability and Indemnity Insurance Policy against any liability incurred by them in discharging their duties while holding office as directors of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had established a RC with defined terms of reference. The RC is responsible for reviewing the remunerations of executive directors, senior management and non-executive directors according to the Remuneration Policy. The RC then tabled its recommendation to the Board.</p> <p>As at 31 December 2018, the RC comprised wholly independent directors.</p> <p>During the FY2018, the RC had carried out the following duties:</p> <ul style="list-style-type: none"> • Reviewed and confirmed the minutes of the RC meeting; • Reviewed the incentives of the executive directors for FY2017; • Reviewed the remuneration packages of the executive directors of the Company for FY 2019 and recommended the same to the Board for approval; • Reviewed the directors' fees payable to the directors of the Company for FY2019 and recommended the same to the Board for approval; and • Reviewed the benefits payable to the non-executive directors and recommended the estimated quantum to the Board for approval.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The remunerations paid to the directors on named basis in FY2018 are set out in the Corporate Governance Overview Statement section of the Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.2

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

Application	:	Departed	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that it would not be in the best interest of the Group to disclose the level of remuneration paid to senior management on a named basis given the competitive human resource environment for personnel with requisite knowledge and experience in the industry.	
		As alternate practice, the Board discloses the aggregate remuneration paid to the senior management. For FY2018, the aggregate sum of remunerations paid to the senior management team was approximately RM1.2 million.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	As at 31 December 2018, the AC was chaired by Ms. Lam Voon Kean and she is not the Chairman of the Board. The composition of the AC is set out in the AC Report of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In line with Practice 8.2, the Board had amended the Terms of Reference of the AC that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC.</p> <p>In FY2018, none of the members of the Board was a former key audit partner of the Group.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2018, the AC had assessed the suitability, objectivity and independence of the Company's external auditors, BDO PLT.</p> <p>The AC, after considered the following factors had recommended BDO PLT to the Board for re-appointment:-</p> <p>Suitability Assessment</p> <ul style="list-style-type: none">• The adequacy of resources, skills, knowledge and experience to perform their duties in accordance with approved professional auditing standards and applicable regulatory and legal requirements;• The adequacy of the audit scope and plan which covers fraud if identified and the key financial and operational risks of the Group;• Timely report on deficiencies noted in the risk management and internal controls;• Timely updates on new developments pertaining to financial reporting standards, corporate governance and other regulated changes;• Ability to meet the deadlines set by the Group; and• Adequate succession plan to meet the audit partner rotation requirements in ensuing objectivity in their audit opinion. <p>Objectivity Assessment</p> <ul style="list-style-type: none">• The nature and extent of the non-audit services rendered and the appropriateness of the level of their fees. <p>Independence Assessment</p> <ul style="list-style-type: none">• The engagement partner has not served for a continuous period of more than 7 years with the Company; and• BDO PLT had given written assurance to the AC confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements
Explanation for departure	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	As at 31 December 2018, the AC comprising solely of 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.

Application	:	Applied
Explanation on application of the practice	:	<p>During the FY2018, the NC had assessed the term of office and performance of the AC and its members in accordance with Paragraph 15.20 of the Main LR of Bursa Securities by way of a set of comprehensive questionnaires.</p> <p>The questionnaires covered amongst others the understanding of role and terms of reference, financial literacy, integrity, independency, time commitment and so forth.</p> <p>The NC was satisfied that the AC and its members had discharged their duties according to their terms of reference and had recommended to the Board that the existing composition to remain status quo.</p> <p>During the FY2018, members of the AC had attended various trainings and development programmes as set out under "Board Development" in the Corporate Governance Overview Statement section of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board adopts a Risk Management Handbook which encapsulates the risk management policies and strategies of the Group. The handbook was developed and customised based on the foundation of FERMA: 2002, Risk Management Standard framework, among others in view of the practices of the Group's environment and operation.</p> <p>The Board through the RMC reviews the adequacy of the Group's risk management framework to ensure risk management and internal controls are in place.</p> <p>The RMC reports to the Board periodically on the Group's risk profile including actions undertaken by the management to manage or mitigate the risks identified.</p> <p>The Statement on Risk Management and Internal Control as set out in the Annual Report provides an overview of the state of risk management and internal controls within the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Risk management is regarded as an important aspect of the Group's operation. The Group has an on-going process for identifying, evaluating and managing principal risks.</p> <p>An overview of risk management and the state of internal control within the Group is set out in the Statement on Risk Management and Internal Control section of the Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Auditors will review the systems of internal control of the Group based on the audit plan approved by the AC. The Internal Auditors will then report their findings, their suggestions for improvements and the management responses to the AC on quarterly basis. The progress of the implementation of recommended actions are being monitored through follow up reviews by the Internal Auditors. The AC will then report to the Board on the progress and findings of the internal audit function.</p> <p>During the FY2018, the AC had reviewed and assessed the adequacy of the scope, functions, competency, resources and independence of Sterling Business Alignment Consulting Sdn Bhd (“Sterling”), the outsourced internal auditors and was satisfied therewith. The AC had re-appointed Sterling for another term.</p> <p>Further details of the internal audit function are set out in the AC Report section of the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company outsourced its internal audit function to an independent internal audit service provider, Sterling who reports directly to the AC.</p> <p>Sterling had confirmed that they are independent and free from any relationships or conflict of interest with the Group.</p> <p>Brief profile of the internal auditors are as follows:</p> <p>Ms. So Hsien Ying, a Certified Internal Control Professional (US), Master in Business Administration (Finance) (Hull), BSc Economics (Hons) (London), permanent member of The Internal Control Institute (US), Member of Malaysian Alliance of Corporate Directors and Associate Member of The Institute of Internal Auditors Malaysia (IIAM) with 26 years of experience in business process improvement, internal control review, internal audit and risk management.</p> <p>Ms. Wong Suk Han, a Certified Information Systems Auditor (CISA), Certified Information Security Manager (CISM), Certified Fraud Examiner (CFE) and Certified Member of The Institute Internal Auditors Malaysia, Master in Business Administration (E-Commerce) (Australia) and BBA in Computer Science within Business Organization (US) with 26 years of experience in business process improvement, internal control review, internal audit and risk management.</p> <p>Mr. Yap Sau Peng, a member of Malaysian Institute of Accountant, Certified Member of The Institute Internal Auditors Malaysia, Certified Practising Accountant (CPA) (Australia) and Master in Business Administration (Australia) with 19 years of experience in business process improvement, internal control review, internal audit and risk management.</p>

	<p>The number of resources of Sterling deployed for each internal audit review ranges from 2 to 5 audit personnel per visit.</p> <p>Sterling is a corporate member of the Institute of Internal Auditors Malaysia (“IIAM”) and used the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the Group’s internal control systems.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of an effective communication channel between the Board, shareholders and other stakeholders and shall provide timely information of the Group's latest financial, corporate developments as well as the Group's businesses and products to enhance value and build the investors' confidence with the Group.</p> <p>During the FY2018, the Board had communicated to shareholders through the following channel:</p> <ul style="list-style-type: none"> • The distribution of the Company's Annual Report for FY2017 together with the notice of 10th AGM to shareholders on 26 April 2018; • The AGM of the Company held on 28 May 2018 at Pearl City Sales Gallery, the Company's own premises where the directors, senior management and external auditors were present to meet the shareholders and to respond to any enquiries by the shareholders, if any; • Announcements released to Bursa Securities namely the quarterly financial results, annual reports, changes in composition of the Board, changes in shareholdings and other announcements in accordance with the Main LR of Bursa Securities and these announcements were also available at the Tambun Indah website (www.tambunindah.com); • The Company's website for shareholders and the general public to access for the latest and updated information such as corporate information, events of the Group, Board Charter & policies, the Group's projects and other information; and • The social network channel via the Company's Facebook account.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Not applicable	
Explanation on application of the practice	:	The Company is not a large company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board had adopted Practice 12.1 to issue the notice of AGM to shareholders at least 28 days prior to the meeting. The additional time given would allow shareholders to make necessary arrangements to attend and participate in person or through proxies or corporate representatives and also to consider the proposed resolutions before exercising their voting rights at the meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	The Board had adopted Practice 12.2 that all its members including key senior management to attend the general meeting of the Company and to respond to shareholders' enquiries, if any. All our directors attended the 10 th AGM on 28 th May 2018 with the exception of Ms Teh Theng Theng who was absent due to unforeseen circumstances.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departed
Explanation on application of the practice	:	
Explanation for departure	:	The Board is of the view that the existing procedures or practice of the Company has provided shareholders with sufficient information to make an informed decision and the sufficient time to deposit the proxy form for poll voting or to participate in person at general meetings.
		<p>Alternate practices are as follows:</p> <p>(a) The Company despatches the notice of AGM and proxy form are despatched to shareholders not later than 28 days before the date appointed for holding the AGM. For general meetings other than the AGM, the Company despatches the notice of meeting at least 21 days for special resolution and 14 days for ordinary resolution.</p> <p>(b) The notice of AGM will be published on nationally circulated newspaper.</p> <p>(c) Prior to the issuance of the notice, the Company Secretary will announce the notice to Bursa Securities and a copy of the notice is also available at the Company's website.</p> <p>(d) The explanatory notes to the notice of AGM and/or the contents of circular to shareholders provide detailed explanation of the proposed resolutions to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>(e) Shareholders are allowed to appoint any person as proxies to attend, speak and vote at the general meeting. The completed proxy form is to be deposited at the registered office of the Company not later than 24 hours before the time for the taking of the poll at the general meeting.</p> <p>(f) All the resolutions put to the general meeting are voted upon by poll and the poll counting process and verifications are conducted by independent scrutineers.</p>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

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

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

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