

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5191
COMPANY NAME : Tambun Indah Land Berhad
FINANCIAL YEAR : 31 December 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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 in fostering the good corporate governance practices where certain areas of responsibilities are delegated to Board Committees and Executive Management for greater efficiency, and also serves as a control to mitigate or minimize any abuse of authorities.</p> <p>It is the general policy of the Company that all major decisions be considered by the Board as a whole.</p> <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.tambunindah.com).</p> <p>The Board Committees as at 31 December 2020 were 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. <p>The roles of independent directors in the main Board Committees namely AC, NC and RC are fundamental to good corporate governance. The independent directors are free from any undue influence of substantial shareholders or any interested parties which can materially interfere with the exercise of their independent judgements.</p>

The Board then keeps itself abreast of the key issues, recommendations and/or decisions made by each Board Committee through the reporting by the Chairman of each Committee and the tabling of the respective minutes of the Board Committees of the applicable period for notation by the Board.

The Chairman of the main Board Committees as at 31 December 2020 were as follows:

1. AC Chairman – Ms. Lam Voon Kean
2. NC Chairman – Dato’ Seri Mokhtar Bin Mohd Jait
3. RC Chairman – Mr. Lai Fook Hoy

On the other hand, the Managing Director (“MD”) is responsible for the overall management of business and operations of the Group. He is supported by the Senior Management and the Management Committee or Working Group. The Management Committee or Working Group consists of management from various departments to facilitate smooth and effective operations.

The executive directors and senior management team formulate the strategies and plans of the Group annually for approval by the Board. The strategic planning process begins 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 will take into consideration the feedback from employees, customers and other stakeholders with whom the Group conducts its business during the financial year to ensure the best outcome for the ensuing year, and in the best interest of the Group and its stakeholders.

During the process, the executive directors and the senior management will hold meetings led by the Executive Deputy Chairman to discuss pertinent issues and concerns in order to deliver the best outcomes.

During the financial year ended 31 December 2020 (“FY2020”), the Executive Deputy Chairman had called for several strategic meetings with the executive directors and senior management amid the evolving COVID-19 pandemic situation as these have had ripple effects on the property sector as well as the environment in which the Group operates.

The revised Business Plan and Budget were then presented for the review and approval of the Board. The Board had reviewed and approved the revised plan as presented.

In ensuring the plan supports the long term success and value creation for the Group, the Board also reviewed and deliberated on the Sustainability Statement prepared by the external consultant, BDO Governance Advisory Sdn Bhd.

	<p>The Board also received reports by the Executive Deputy Chairman on the progress of the approved strategies, plans and budgets whilst the MD provided updates to the Board, on various operational issues or factors that affected the Group's businesses.</p> <p>During FY2020, the Board through the RMC, monitored risk management framework of the Group. The RMC advised the AC and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the Group.</p> <p>With the introduction of the new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Act 2009 which was effective from 1 June 2020, the RMC had updated its Key Risk Profile to include corporate liability risk that is relevant in the Group's business and operating environment. To mitigate the risks, the Board had appointed the external consultant, BDO Governance Advisory Sdn Bhd to assess, establish and implement adequate procedures in accordance with ISO 37001 to prevent the occurrence of corrupt practices in the Group.</p> <p>The Anti-Bribery and Corruption team provided updates on the implementation of the Anti-Bribery Management System to the Board on quarterly basis.</p> <p>During FY2020, the NC had assisted the Board in ensuring that there was effective and orderly succession planning in the Group.</p> <p>The NC had recommended the implementation of a robust leadership succession plan for FY2020 where Mr. Teh Kiak Seng will take on more strategic role as the Executive Deputy Chairman whilst his son, Mr. Teh Deng Wei will take on the role as the Managing Director to focus on the Group's day-to-day operations. Other changes include the appointment of Dato' Seri Mokhtar Bin Mohd Jait as the NC Chairman, and the appointment of Ms. Roselyn Tan as the General Manager to head the finance department and to manage the corporate affairs and general administration of the Group.</p> <p>During FY2020, the Company had maintained a sound investor relations programme through continuous engagements with shareholders and other stakeholders vide announcements to Bursa Securities, informative website, analyst presentations and corporate briefings.</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 1.2

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 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 and to ensure Board members 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 position of the Chairman of the Board and the MD (CEO) are held by different individuals.</p> <p>The Board has established a clear distinction and separation of roles between the Chairman of the Board and the MD in the Board Charter.</p> <p>As at 31 December 2020, the Chairman of the Board was Mr Lai Fook Hoy, and the MD was Mr. Teh Deng Wei.</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 served for 10 years. With more than 35 years of immense tax, accounting and secretarial experiences, he had assisted and supported countless companies in diverse industries to ensure achievements of 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 then furthered 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, which are relevant to the Company, of the listing requirements upon receiving the circulars from Bursa Securities; and</p> <p>(f) To advise on corporate disclosures and compliances.</p> <p>During the FY2020, the Company Secretaries had attended various webinars and technical briefings by Bursa Securities to keep themselves abreast with the regulatory changes and continuous professional development.</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 1.5

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>The meeting materials which are complete with accurate documents for deliberation together with the minutes of the previous Board and Board Committees ("Board Papers") are circulated at least 7 days in advance of each meeting to allow sufficient time for the directors to peruse the agendas tabled so that they can participate effectively in the meeting. The Board papers encompass all matters in the agendas being considered so that informed decisions can 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>During the FY2020, there were 5 meetings held and all the Board Papers were circulated to the Board 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 contains the following:</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 Executive Deputy Chairman (e) Role of Managing Director (f) Role of Independent Non-Executive Directors (g) Role of Board Committees & Terms of References (h) Size and Composition of the Board (i) Nomination & Appointment of Directors (j) Re-election of Directors (k) Tenure of Independent Directors (l) Board Diversity (m) Time Commitment & Acceptance of New Directorship (n) Succession Planning (o) Conflict of Interest (p) Board Performance Evaluation (q) Directors' Training (r) Dealing in Securities (s) Board Meeting (t) General Meeting (u) Remuneration Policies (v) Access to Information & Independent Advice (w) Financial Reporting (x) Company Secretaries (y) Shareholders' Communications (z) Corporate Sustainability Framework <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 that it remains consistent with the policies and procedures of the Board.</p> <p>The last review of the Board Charter was on 15 April 2021.</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 of integrity, sincerity and accountability in order to enhance the standards of corporate governance and behaviour.</p> <p>The Code contains the following:</p> <ul style="list-style-type: none">(a) Responsibilities and Compliance of the Code(b) Working with Local Communities(c) Fair Dealings(d) Dealings with Government Officials(e) Work Environment & Employment(f) Compliance with Laws & Regulations(g) Environment, Occupational Safety & Health(h) Conflict of Interests(i) Anti-Bribery and Corruption Practices(j) Gifts and Entertainment(k) Travel(l) Political Contributions(m) Donations and Sponsorships(n) Outside Employment(o) Protecting Group Assets(p) Proprietary and Confidential Information(q) Political Activities(r) Whistleblowing(s) Review <p>During FY2020, the Company launched the implementation of the Anti-Bribery Management System to prevent, detect and respond effectively to bribery and corruption. The Anti-Bribery and Corruption Policy ("ABC Policy") was developed in cohesion with the Anti-Bribery Management System.</p>

	<p>The ABC Policy provides guidance on the Company’s protocols to be observed by the directors, employees and business associates comprised of vendors, contractors, sub-contractors, consultants, agents, representatives, outsourced personnel, distributors, advisers and other intermediaries who perform works or provide services for or on behalf of the Company and/or the Group. The ABC Policy is to be read together with the Code, Whistle-Blowing Policy, Employee Handbook (for employees) and the Malaysian Anti-Corruption Commission (Amendment) Act 2018.</p> <p>During FY2020, the Board had engaged the external consultant to provide trainings in relation to Section 17A of the MACC Act to the directors, employees and business associates to ensure their understanding of the MACC Act and their obligations towards the measures undertaken by the Company in combating bribes and corruptions.</p> <p>The Board had also made substantial changes to the Code to align with the implementation of Anti-Bribery Management System. The revised Code and ABC Policy were circulated to all the directors and employees of the Company and/or the Group. All of them were required to sign the mandatory declaration forms to the Company and/or the Group.</p> <p>As for business associates, they were required to complete the “Third Party Declaration Form” to the Company after they had read and understood the Code and ABC Policy of the Company.</p> <p>The revised Code and the ABC Policy are subject to annual review to ensure their relevance. The last review of the Code was on 15 April 2021.</p> <p>A copy of the Code and ABC Policy are 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 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>During FY2020, the Board had revamped the Whistle-Blowing Policy to align with the implementation of Anti-Bribery Management System. The revised Whistle-Blowing Policy is subject to annual review to ensure its relevance. The last review of the Policy was on 15 April 2021.</p> <p>There were no whistle-blowing cases reported in FY2020.</p> <p>A copy of the Whistle-Blowing Policy 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 2020, the Board comprised of 3 independent directors, 1 non-independent non-executive director and 3 executive directors.</p> <p>The independent directors' representation on Board was equivalent to 43%.</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 its directors exercise independent judgement and with the interests of the shareholders always in the forefront when important decisions are made by the Board.</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 despite the Board has representatives of the substantial shareholders.</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 entirely independent directors are further 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>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

Application	:	Complied
Explanation on application of the practice	:	<p>As at 31 December 2020, one of the independent directors of Tambun Indah, Mr. Lai Fook Hoy had served more than a cumulative term limit of 9 years.</p> <p>The NC had assessed and was satisfied that Mr. Lai Fook Hoy had demonstrated his objectivity and independence in expressing his opinions in the decision making of the Board. Hence, his length of service on the Board did not interfere with the exercise of his independence in decision making.</p> <p>The Board concurred with the NC and had recommended Mr. Lai Fook Hoy to be retained and continue to act as an independent director of the Company for shareholders' approval at the forthcoming AGM.</p> <p>Mr. Lai Fook Hoy had abstained from deliberating and voting on the above.</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 4.3 - 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>The NC is responsible to assess the suitability of a 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>Following the assessment, the NC will 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 FY2020, the NC had recommended the composition of the Board to remain status quo.</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 2020, 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 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 2020, the NC of Tambun Indah was chaired by Dato' Seri Mokhtar Bin Mohd Jait, an Independent 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, performs a formal and objective annual assessment to determine the effectiveness of the Board as a whole, evaluates the Board Committees and the contribution of individual directors through the use of questionnaires.</p> <p>The Company Secretary will collate the results of the questionnaires into a report. The report is prepared based on the collective comments and feedback from all the directors and relevant Board Committees.</p> <p>The Company Secretary then presents the report to the NC for evaluation, and that is subsequently tabled to the Board for deliberation.</p> <p>During FY2020, the NC had assessed the effectiveness of the Board as a whole and its Committees. The NC, after considering among others the following factors, had recommended that the composition of the Board and Board Committees to remain unchanged:</p> <ul style="list-style-type: none"> • Mix of skills and knowledge; • Diversity; • Capabilities and objectivities; • Boardroom activities; and • Performance of the Board Committees. <p>The NC had also assessed the directors based on the self-assessments' questionnaires completed by the individual directors and considered among others the character, integrity, personality, independence and contribution of each director and was satisfied therewith. The NC had recommended that the directors are to remain unchanged.</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 to ensure a competitive remuneration is in place to motivate, reward and retain directors and senior management to manage the Group's business successfully. None of the executive directors or senior management participates 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 remuneration 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>The Remuneration 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

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 tables its recommendation to the Board.</p> <p>As at 31 December 2020, the RC comprised entirely independent directors.</p> <p>During FY2020, 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 and recommended to the Board, the incentives of the executive directors and senior management for FY2020; • Reviewed and recommended to the Board, the remuneration packages of the executive directors and senior management for FY2021; • Reviewed and recommended to the Board, the fees payable to directors of the Company for FY2021 for shareholders' approval at the AGM; and • Reviewed and recommended to the Board, the benefits and estimated quantum payable to non-executive directors for shareholders' approval at the AGM.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 FY2020 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	:	<p>The Board is of the opinion that it is not in the best interest of the Group to disclose the level of remuneration paid to senior management on a named basis given the competitive environment for personnel with the requisite knowledge and experience in the industry.</p> <p>As alternate practice, the Board discloses the aggregate remuneration paid to senior management.</p> <p>For FY2020, the aggregate sum of remunerations paid to the senior management team was approximately RM0.76 million.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	As at 31 December 2020, the AC was chaired by Ms. Lam Voon Kean and she was not the Chairman of the Board. Ms. Lam Voon Kean is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. 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	:	Tambun Indah's Terms of Reference of the AC requires a former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of the AC. In FY2020, none of the members of the Board was a former key audit partner of the Group.
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>The AC had assessed the suitability, objectivity and independence of the Company's external auditors, BDO PLT who performed the audits of the Company for FY2020.</p> <p>After having considered the following factors, the AC had recommended BDO PLT to the Board for re-appointment subject to shareholders' approval at the AGM of the Company:</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 requirement 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 has 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 2020, the AC comprised entirely 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>The NC had assessed the term of office and performance of the AC and its members for FY2020 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 the 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 FY2020, 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 reviewed the adequacy of the Group’s risk management framework in FY2020 to ensure risk management and internal controls are in place.</p> <p>During FY2020, the RMC had reported 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	:	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. 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.
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 improvement 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 each quarter. The AC will then report to the Board on the progress and findings of the internal audit function.</p> <p>The AC had reviewed and assessed the adequacy of the scope and coverage of the internal audit function for FY2020 as well as the performance, 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	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company outsourced its internal audit function to an independent internal audit service provider, Sterling which reports directly to the AC.</p> <p>Sterling had confirmed that they are independent and free from any relationship 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 28 years of experience in business process improvement, internal control review, internal audit and risk management.</p> <p>Ms. Yap Sau Peng, a member of Malaysian Institute of Accountant, Certified Member of The Institute Internal Auditors Malaysia, Certified Practicing Accountant (CPA) (Australia) and Master in Business Administration (Australia) with 20 years of experience in business process improvement, internal control review, internal audit and risk management.</p> <p>Cheng Chean, a member of Malaysian Institute of Accountant and a Certified Member of Institute of Internal Auditors Malaysia (CMIIA). He is also a Fellow Chartered Certified Accountant (FCCA). Mr. Cheng has 16 years of hand on experience in the fields of External Audit, Internal Audit and Internal Control Review.</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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board 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 FY2020, the Board had communicated to shareholders through the following channel:</p> <ul style="list-style-type: none"> • The issuance of the Company's Annual Report for FY2019 on 30 June 2020; • The AGM of the Company on 29 July 2020 was held 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 question from 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 Company's 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, corporate slides of the latest quarterly financial results, events of the Group, Board Charter & policies, the Group's projects and other information.
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 will 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	:	<p>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.</p> <p>At the 12th AGM held on 29 July 2020, all the directors and key senior management were present in person to engage directly with shareholders 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

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	:	<p>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 sufficient time is given to deposit the proxy form for poll voting or to participate in person at general meetings.</p> <p>The Board however will conduct its forthcoming AGM physically so as to comply with the Standard Operating Procedures set by National Security Council and the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission in line with CMCO.</p> <p>Alternate practices are as follows:</p> <p>(a) The Company dispatches the notice of AGM and proxy form to shareholders no later than 28 days before the date appointed for holding the AGM. For general meetings other than the AGM, the Company dispatches 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 48 hours before the time for holding the meeting or 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>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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