

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5140
COMPANY NAME : TASCO Berhad
FINANCIAL YEAR : March 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The responsibilities of the Board which as stated in the Board Charter are as follows:-</p> <ol style="list-style-type: none">1. Understanding shareholders' expectations and contribute to the development of strategies in their best interest and enhance shareholders' value;2. Conscious policies and increasing shareholders' value;3. Ensuring the statutory accounts of the Company are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;4. Adopting performance measures to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business;5. To ensure high standards of ethics and corporate behaviour in the conduct of business;6. Commitment in governing management and providing oversight of the Company, including the appointment of senior management, the implementation of appropriate policies and procedures that govern management conduct, ensure sustainability of the Company, the monitoring of performance and succession planning;7. Commitment to understanding and implementation of appropriate measures to manage key risk factors of the Company; and8. Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems. <p>The Board had established three (3) Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee and at management level a Risk Management Committee to assist the Board in carrying out its fiduciary duties. The Chairmen of the</p>

	<p>respective Committees report regularly and provide recommendations to the Board for decision making.</p> <p>The Board monitors the Group’s performance quarterly, the Deputy Managing Director (“DMD”) briefed the Board on the financial performance of the Group as well as the development and performance of the key areas. The Board reviewed and approved the financial budget for the financial year ended 2018 in May 2017.</p> <p>During the Board meetings, the Board discussed the key strategic issues with each Board member actively participated in the discussion on proposals on strategic plan for the Group and contributed their experience and expertise.</p> <p>The Board Charter is available on the corporate website at www.tasco.com.my.</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 1.2

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, Mr Lee Check Poh is responsible for ensuring integrity and effectiveness of the Board and its committees as governed in the Company's Board Charter.</p> <p>The Chairman is required, amongst others, to:-</p> <ol style="list-style-type: none"> 1. Facilitate all Board meetings and ensure the appropriate level of interaction among Board members, subsidiary Board members and senior management; 2. Ensure a balance composition of skills, knowledge and experience within the Board and an effective working, reporting and communication mode is present; 3. Ensure that material matters in respect of the business or governance of the Company or the Group are tabled and ventilated effectively for Board decision making; 4. Monitor the performance of the individual and collective roles of the directors and the Board; 5. Maintain a regular and constructive dialogue with the Group Managing Director and senior management in respect of all material matters affecting the Company and the Group and to consult with the other Board members promptly and appropriately; and 6. Chair all meetings with the shareholders i.e. Annual General Meeting and Extraordinary General Meeting.
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 Chairman, Mr Lee Check Poh and the Managing Director (“MD”), Mr Lim Jew Kiat, both holding separate position and their respective roles and responsibilities are governed in the Company’s Board Charter.</p> <p>The roles and responsibilities of the Chairman and MD are made clearly distinct to further enhance the existing balance of power and authority.</p> <p>The MD oversees the day to day management and running of the Group and the implementation of the Board’s decision and policies.</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

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 Board is supported by qualified, experienced and competent Company Secretary.</p> <p>The Company Secretary plays an important role in advising the Board on issues relating to corporate compliance with relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance.</p> <p>During the year, the Company Secretary updated the Board on the changes to statutory and regulatory requirements including the new Companies Act 2016, Malaysian Code on Corporate Governance and the amendments to the Main Market Listing Requirements.</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>The Deputy Managing Director will inform/remind the relevant department to submit their report/materials on presentation to the Board at least 7 days before the meeting.</p> <p>All meeting materials/report/papers as well as the notice and agenda will be compiled in a meeting file and to be distributed to all the Directors within an appropriate timeline for perusal. In case where the subject matter/agenda item is price sensitive or otherwise confidential or in a state of flux, the presentation is directly made at the meeting.</p> <p>All proceedings of the Board meetings are minuted and circulated in a timely manner.</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

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 has formally adopted a Board Charter, which provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good governance.</p> <p>The Board Charter provides guidance for Directors and Management on the responsibilities of the Boards, its Committees, individual directors and management.</p> <p>The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter is available on the corporate website – www.tasco.com.my</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	:	The Board has established a Code of Conduct for Directors which provides guidance for proper standard of conduct as well as standard of ethical behaviour for Directors. The Code of Conduct is available on the corporate website – www.tasco.com.my
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 Board has established a Whistleblowing Policy which provides all the Directors and employees a platform to raise concerns or disclose of wrongdoing that may adversely impact the Group.</p> <p>Deputy Managing Director has been appointed as the Compliance Officer to in-charge of all the complaints. The investigation of most of the complaints will be handled internally and will typically carry out by the Compliance Officer or his designated body. On case to case basis, it may be determined that outside resources are required to assist in such investigation.</p> <p>Staff are encouraged to report any non-compliance issues, business fraud or business irregularities to the Management, either by sending an email or contact directly to the Compliance Hotline. All the channels of whistleblowing will be in-charge by Compliance Officer.</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

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board comprises nine (9) members, including three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and five (5) Executive Directors. This is in compliance with paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Securities which states that at least two (2) or one-third (1/3) of the Board of Directors of the listed issuer, are independent directors.</p> <p>The Independent Non-Executive Directors do not form part of the management and are not related to major shareholders. They are able to exercise their unbiased independent judgement freely and do not have any business or other relationships that may potentially interfere with their duties.</p> <p>The Board is mindful on the recommendation in Malaysian Code on Corporate Governance that at least half of the board comprises independent directors.</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	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>At the last annual general meeting, the Company had sought shareholders' approval for Mr Kwong Hoi Meng, Mr Raymond Cha Kar Siang and Mr Raiappan s/o Yagappan @ Raiappan Peter, who served the Board as Independent Non-Executive Directors for a cumulative term of more than nine (9) years, to continue to act as the independent directors of the Company. The Company would continue to seek shareholders' approval at the forthcoming annual general meeting for them to continue to act as the independent directors of the Company.</p> <p>During their tenure, our Independent Non-Executive Directors continued to exercise their independence and carried out their professional duties in the best interest of the Company and shareholders.</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	:	The Board pursues diversity in both appointing Board members and senior management and will assess the suitability of an individual to be appointed to the Board and senior management by taking into consideration the individual's skills, knowledge, expertise, experience, age, cultural background, gender, strength of qualities and competency and understanding of business environment.	
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	:	<p>The Board adopted a gender diversity policy. The gender diversity policy required that in any list of proposed candidates to the Board shall consist of at least one (1) woman candidate, wherever reasonably possible during the selection process.</p> <p>The Board will monitor the Company’s performance in meeting the target and shall review the policy and target set to achieve gender diversity in the boardroom as and when needed.</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 4.6

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	:	<p>The Nominating Committee is empowered to identify and recommend new appointments to the Board. The potential candidates may be proposed by independent sources, existing directors, senior management staff, shareholders or third party referrals.</p> <p>The Company does not appoint any new director under the financial year under review.</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 4.7

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

Application :	Applied		
Explanation on application of the practice	The Nominating Committee is chaired by an Independent Non-Executive Director.		
	The Nominating Committee comprises the following:-		
	Name	Status of Directorship	Independent
	Raymond Cha Kar Siang (Chairman)	Non-Executive	Yes
	Kwong Hoi Meng	Non-Executive	Yes
	Raippan s/o Yagappan @ Raiappan Peter	Non-Executive	Yes
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>For the financial year under review, the Nominating Committee reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board of Directors. The Nominating Committee also reviewed and assessed the performance of each individual director, the effectiveness of the Board and the Board Committees.</p> <p>The performance evaluation sheets were distributed to all Directors of the Company for feedbacks and the completed forms gathered from all directors were tabled to the Nominating Committee (“NC”) for assessment and discussion.</p> <p>The NC, based on the result and comment indicated in the evaluation forms of the Board and the other performance evaluation sheets which included Audit Committee (“AC”), Remuneration Committee (“RC”) and self-evaluation form of directors, with the feedbacks and inputs provided by the Directors, the NC will form their opinion and make a recommendation to the Board.</p> <p>During the year under review, NC had also assessed the term of office of the AC members and the performance of the AC and its members.</p> <p>The Board then based on the feedback received from the NC and their recommendation will conclude as to whether the Board composition was adequately balanced to ensure continued effectiveness and efficiency. Therefore, it was agreed that there would be no recommendation from the NC to the Board for any change in the Board and Board Committees’ composition.</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

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 established a remuneration policy and procedure to facilitate the Remuneration Committee to review, consider and recommend to the Board for decision/approval on the remuneration packages of the Directors. The said policy and procedures will be reviewed periodically.</p> <p>In establishing the level of remuneration for the Directors, the Remuneration Committee has compared the packages offered by comparable companies and may also obtain independent advice if deemed necessary.</p> <p>The Remuneration Policy and Procedures is available in the corporate website www.tasco.com.my</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

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 Remuneration Committee comprises the following:-</p> <table border="1"><thead><tr><th>Name</th><th>Status of Directorship</th><th>Independent</th></tr></thead><tbody><tr><td>Raippan s/o Yagappan @ Raiappan Peter (Chairman)</td><td>Non-Executive</td><td>Yes</td></tr><tr><td>Raymond Cha Kar Siang</td><td>Non-Executive</td><td>Yes</td></tr><tr><td>Kwong Hoi Meng</td><td>Non-Executive</td><td>Yes</td></tr></tbody></table> <p>The Remuneration Committee, set up on 6 December 2007, is responsible for recommending to the Board the remuneration of the Executive Directors, in all forms. The determination of the remuneration of the Non-Executive Directors as well as the Executive Directors will be a matter to be determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on the decisions regarding his individual remuneration.</p> <p>The terms and reference of the Remuneration Committee have been approved by the Board and comply with the recommendation of the Code.</p> <p>The terms of reference is available on the corporate website – www.tasco.com.my</p>	Name	Status of Directorship	Independent	Raippan s/o Yagappan @ Raiappan Peter (Chairman)	Non-Executive	Yes	Raymond Cha Kar Siang	Non-Executive	Yes	Kwong Hoi Meng	Non-Executive	Yes
Name	Status of Directorship	Independent											
Raippan s/o Yagappan @ Raiappan Peter (Chairman)	Non-Executive	Yes											
Raymond Cha Kar Siang	Non-Executive	Yes											
Kwong Hoi Meng	Non-Executive	Yes											
Explanation for departure :													

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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company had disclosed the Directors’ remuneration component in bands width of RM50,000.	
		The Company opts not to disclose the remuneration package of the Board of Directors on individual named basis as it is not in the best interest of the Company. The Company considers the information of the remuneration of Board of Directors to be sensitive and proprietary.	
<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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company had disclosed the top ten senior management's remuneration component in bands width of RM50,000.</p> <p>The Company opts not to disclose the remuneration package of the Senior Management on a named basis as it is not in the best interest of the Company and the Senior Management personnel.</p> <p>The Company considers the information of the remuneration of top management to be sensitive and proprietary in view of the competitive nature of the human resource market. It is also possibly give rise to unnecessary staff rivalry and disillusionment.</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	:	Mr Kwong Hoi Meng, an Independent Non-Executive Director is the Chairman of the Audit Committee whilst the Chairman of the Board is Mr Lee Check Poh.	
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	:	Departure
Explanation on application of the practice	:	<p>The Group recognise the importance of independence of its external auditors and that no possible conflict of interest whatsoever should arise.</p> <p>The Board has no intention at the moment to appoint a former key audit partner as a member of the AC. Nevertheless, the Board would include in the Terms of Reference of the AC the requirements to observe a cooling off period of at least two (2) years in the event any potential appointment of a former key audit partner as a member of the AC.</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	:	The Audit Committee has evaluated the suitability and performance of the auditors based on the relevant criteria set out in the policy and procedures of the Company, which included adequacy of resources of the firm, quality of service and competency of the staff assigned to the audit, the external auditors’ independence and the costing.	
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	:	The Audit Committee comprises the following members:-		
		Name	Status of Directorship	Independent
		Kwong Hoi Meng (Chairman)	Non-Executive	Yes
		Raymond Cha Kar Siang	Non-Executive	Yes
		Raippan s/o Yagappan @ Raiappan Peter	Non-Executive	Yes

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 Audit Committee members have the relevant experience and knowledge and necessary skills to discharge its duties.</p> <p>The Nominating Committee had reviewed and assessed the performance of the Board Committee as a whole to ensure that the Audit Committee carries out their duties in accordance to the Terms of Reference of the Audit Committee. Based on the review and assessment conducted for the financial year, the Nominating Committee is satisfied with the performance of the Audit Committee.</p> <p>All members of the Audit Committee undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The development programme attended by the Audit Committee is disclosed under the Corporate Governance Overview Statement.</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 recognises their ultimate responsibility for the Group's system of internal control and the need to review the adequacy and the integrity of the internal control systems. The system of risk management and internal control is designed to manage and minimise the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement or loss.</p> <p>The detail of the risk management and internal control framework is set out in the Statement on Risk Management and Internal Control of the Annual Report 2018.</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	:	The features of its risk management and internal control framework, and the adequacy and effectiveness of this framework are set out in the Statement of Risk Management and Internal Control of the Annual Report 2018.	
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 Audit Function is outsourced to an independent professional firm, Messrs Omar Arif & Co.</p> <p>The professional firm has the resources, expertise and skill sets in various industries. They understand the underlying business and its risk and are able to provide timely professional internal audit services.</p> <p>The internal auditors reports to the Audit Committee on a quarterly basis and provides the Audit Committee with independent views on the adequacy, integrity and effectiveness of the system of internal control after its review.</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 Internal Audit Function is outsourced to an independent professional firm which reports directly to the Audit Committee. Each quarterly audit is performed by approximately two (2) to three (3) audit personnel depending on the area of audit.</p> <p>While performing the audit, the internal auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The Company adopts the COSO (Committee of Sponsoring Organisations of the Treadway Commission) control framework throughout our implementation as a basis for assessing the adequacy and effectiveness of the Company’s risk and control processes.</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 Company has formalised a Shareholder Communication Policy. The objectives of the policy is to promote effective communication and provide shareholders with full and timely information about the Company, to fairly and accurately represent the Company so that investors and potential investors can make properly informed investment decisions and others can have a balanced understanding of the Company and its objectives.</p> <p>Stakeholders may obtain up-to-date information about the Group by assessing the Company's website, www.tasco.com.my. Financial results, updated announcements to Bursa Malaysia Securities Berhad, corporate information, board charter, code of conduct of the Board, annual reports, the rights of the shareholders and other information of the Company can also be found from the Company's website.</p> <p>The Board encourages shareholders' active participation at the Company Annual General Meeting ("AGM"). The AGM remains the principal forum for dialogue with shareholder where it provides an opportunity for the shareholders to seek clarifications on the Group's operations. The Chairman and members of the Board will undertake to provide the shareholder with a written answer to any significant question that cannot be readily answered. The external auditors will also be present to provide their professional and independent clarification on issues and concerns raised by the shareholders, if any.</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	:		
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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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not adopting integrated reporting based on a globally recognised framework taking into consideration of the size and limited resources of the Company.	
<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	:	Notice of the 43rd Annual General Meeting is given to the shareholders at least 28 days prior to 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	:	All the directors present themselves at the previous Annual General Meeting. The Chairmen of the respective Board Committees were present to facilitate discussion and address any questions on matters under the purview of the respective Board Committees.	
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	:	Departure
Explanation on application of the practice	:	<p>The general meetings of the Company were held at the head quarter of the Company located at Shah Alam and it is easily accessible, including via public transport.</p> <p>Voting by proxy is available and allowed for those members who are unable to present in person at the general meeting but would be represented and participated at general meeting.</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	:	

**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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