

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4448
COMPANY NAME : Tasek Corporation Berhad
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board directs, leads and controls the risk assessment and internal controls, financial and operational management, resource management and strategic planning of the Company. In providing leadership and strategic direction, it works with the Executive Director/ Group CEO to set corporate values, develop strategy and decides which risks it is prepared to take for the company within the framework of risk management and internal controls. The Board reviews the performance of the Company at every of its quarterly meetings, steers the direction and guides management towards achieving the set objectives, strategies and targets agreed and set by the 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

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	:	The Chairman in his capacity as a non-independent non-executive chairman representing the holding company, provides leadership for the Board to perform its responsibilities effectively. The Chairman further ensures the Board upholds and promotes high standards of integrity, probity and good corporate governance practices. He is also responsible for the Board as the link in the chain of authority between the controlling shareholder and the Executive Director/ Group CEO and that both shareholders' and stakeholders' interest are safeguarded and there is effective communication with them.
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 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	The roles of the Chairman and the Group CEO are not exercised by the same individual. This separation of roles is established and prescribed in the Board's Charter. The Board is headed and led by the Chairman. The Executive Director/ Group CEO leads the management team and takes on the primary responsibility of executive management as authorised by the Board. He has day-to-day management responsibility for the overall performance and operations of the company. In executing his responsibilities, the Executive Director/ Group CEO is assisted by the Group Chief Operating Officer/ Chief Financial Officer.	
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	:	The Company Secretary is a chartered secretary, a Fellow Member of The Institute of Chartered Secretaries and Administrators registered and licensed with MAICSA, holds a law degree and master's degree in law with more than 36 years of relevant experience.	
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	:	The notices, minutes of meetings and meeting papers, appropriate information and materials are provided in advance of five clear days for each meeting to permit prior review by members of the Board. All members of the Board have unfettered access to information and materials of the Company and to the advice and services of the Company Secretary for any further information that they may require. If need be, the Board can further obtain independent professional or other advice from external resources at the cost 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

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	:	The Board's stewardship has been formalised into the Board of Directors' Charter, which sets out the responsibilities of the Board. The Charter is published on the Company's website and is periodically reviewed. The Charter sets out the responsibilities of the members as a board which among others clearly separates the role of the Chairman of the Board from the Executive Director/ Group CEO. The Committees of the Board have its own terms of reference which are reviewed periodically and are posted on the website 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

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 Company's Code of Ethics and Conduct in conjunction with the Company's whistle-blowing policy applies to all Directors, Management and Staff. They have agreed to observe and to be bound by the Code. The Code is published on the Company's website. The Code covers compliance both in letter and spirit with all laws and regulations applicable to the Company, Group and businesses; integrity; personal benefits; conflict of interest; confidentiality; fair dealing; opportunities; company assets; and insider trading.
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	:	The Board has in place a whistle-blowing policy which complements the Company's Code of Ethics and Conduct which governs integrity, accountability and ethical behaviour in the conduct of its businesses and operations. The whistle-blowing policy facilitates disclosure of any improper conduct and has a structured procedure for reporting to the Chairman of the Board Audit and Risk Management Committee. The whistle-blowing policy is published on the Company's website.
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	:	Applied	
Explanation on application of the practice	:	The Board comprises a non-independent non-executive Chairman, an Executive Director/Group CEO and three Independent Directors. More than half of the members of the Board are independent directors. The Company is a 74.28% owned subsidiary of HL Cement (Malaysia) Sdn Bhd which is indirectly wholly-owned by Hong Leong Asia Ltd. As a member of the Hong Leong Asia Ltd Group, the Board operates with a balanced mix of a non-executive chairman, an executive director (both representing the interest of the controlling shareholder) and a majority of independent directors.	
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 4.2

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	:	Independent Director Mr. Lim Eng Khoon will have served 9 years as an independent director on 13 December 2019. The Board will justify and seek shareholders' approval to retain him as an independent director beyond the 9 years at the annual general meeting in April 2019. Independent Director Dato' Chong Pah Aung who has served more than 9 years but less than 12 years as an independent director was retained by shareholders as an independent director at the 57 th Annual General Meeting held on 24 April, 2018. The Board will seek annual shareholders' approval for his retention as an independent director at the annual general meeting in April 2019. In justifying the retention of its Independent Directors, the Board will take into account the balance between tenure of service, continuity of experience and refreshment of the Board. It recognises that an individual's independence should not be determined solely based on tenure of service and that a continued tenure for an independent director brings considerable stability to the Board and Company. Both will benefit from independent directors who have, over time, gained valuable insight into the Company, its market and the industry.
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 takes cognisance of the importance of boardroom diversity but its selection and appointment of members are based on qualifications, skills, experience, knowledge and capabilities in areas identified by the Board and that such criteria should remain a priority so as not to compromise on the selection and appointment. The Board’s Remuneration and Nomination Committee periodically reviews and assess the mix of skills and diversity of the composition of the Board to meet the needs 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

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	:	On recommendation of the Remuneration and Nomination Committee, the Board has endeavoured to identify and propose a woman candidate as an additional independent director by end of 2020. The diversity policy of the Board recognises and embraces the benefits of diversity on the Board. The board is of the view that a diverse board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities to determine the optimum composition of the Board. Steps will be taken to identify a woman candidate who has the qualifications and qualities that meets the Company's needs. The Board however, will want to avoid the potential pitfall of tokenism which is not in the best interest 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

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 Board’s Remuneration and Nomination Committee do engage external independent resources where necessary to identify suitable qualified candidates for directorship.	
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 Company has a Remuneration and Nomination committee comprising a majority of independent directors. The Chairman of the Committee is an Independent Director.	
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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Taking into account the size of the Board, the activity and size of the Company, the assessment and evaluation conducted every two years (instead of annually) to determine the effectiveness of the Board, its Committees and each individual Director is adequate, purposeful and not time consuming.</p> <p>The present practice by the Board to conduct this assessment and evaluation based on peer review has objective and is determined to have achieved the desired result of ensuring the effectiveness of the Board, its Committees and each individual Director. The Board will consider engaging an independent consultant if necessary or when the need arises.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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	:	The Board is guided by its Remuneration Policy and Procedure so that the remuneration is appropriately prudent and commercially sensible. The remuneration is periodically reviewed against the industry in which the Company operates taking into account the appropriateness of the form and amount of remuneration towards retaining qualified directors. The remuneration are further governed by the Company's Articles of Association. Determination of such remuneration of directors is a matter for the Board as a whole with the member of the Board concerned abstaining from deliberation and voting in respect of his own remuneration. The Policy and Procedure is available on the Company's website. The salary and benefits of senior management staff of the Company are governed by the Company's Staff Code. The Staff Code is not published on the Company's website to preserve confidentiality of remuneration of staff.
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	:	The Board's Remuneration and Nomination Committee functions within its Terms of Reference as delegated and approved by the Board which include reviewing remuneration of C-suites senior management. All members of the Committee are non-executive directors with majority of them independent directors. The Committee's Terms of Reference are available on the Company's website.
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	:	Disclosure will be made in the Company's Annual Report 2018 on named basis the remuneration of individual Directors.	
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	:	Applied
Explanation on application of the practice	:	<p>The remuneration of the Company's top senior management comprising the Group Chief Executive Officer (GCEO) and the Group Chief Operating Officer/ Chief Financial Officer (GCOO/CFO) will be disclosed in bands of RM50,000 in the Company's Annual Report 2018. Since the GCEO is also a Board member, his disclosure will not be replicated. The Board has decided that the two criteria to be fulfilled for purposes of determining the top senior management for disclosure are:-</p> <ol style="list-style-type: none"> 1. must be a senior management member, that is, one who generally holds the highest level of management responsibility and decision-making authority within the Company. This would include the Chief Executive Officer (who is not a director) or the other C-suites such as Chief Operating Officer and Chief Financial Officer; and 2. must be the highest paid. <p>The decision by the Board is in line with best management practice of preserving confidentiality of remuneration of senior management employees except for the Directors and C-suites positions.</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

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	:	The Chairman of the Board Audit and Risk Management Committee is an independent director and not the Chairman of the 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

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	:		
Explanation for departure	:	There is no necessity to have such a practice formalised as a policy as it may imply that former key audit partners will be potential candidates for appointment as Board members and as members of the Company's Board Audit and Risk Management Committee and may be misleading. The Board would want to avoid the pitfall of tokenism which is not in the best interest of the Company.	
		If the Board so decides to consider appointing a former key audit partner of the Company, it will observe the cooling-off period prescribed in Practice 8.2.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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 Board Audit and Risk Management Committee has in its terms of reference to assess the suitability, objectivity and independence of the Company’s external auditor. Evaluation and assessment of the external auditor is conducted on completion of the audit for each financial year.
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	:	All members of the Board Audit and Risk Management Committee are 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	:	The members of the Board Audit and Risk Management Committee have a mix of commercial, banking and financial skills and experience. The Chairman is a qualified accountant under Part II of the First Schedule of the Accountants Act 1967. Members of the Committee attend training and are kept abreast of relevant developments in accounting and auditing standards, practices and rules by the Company's external auditor, the Internal Auditor and Management.
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	:	The Board has in place an enterprise wide risk framework for risk management and internal control for the Company and has delegated the responsibility for the monitoring of the effectiveness of this system to the Board Audit and Risk Management Committee. The Board reviews the adequacy and integrity of such framework and controls at every of its meetings from the report by the Board Audit and Risk Management Committee. The Company's Internal Audit Department assists the Committee and the Board in facilitating the process of identification and assessment of key risks and controls and Management's plans to mitigate or eliminate the significant risks identified. The Enterprise Risk Management Committee chaired by the Executive Director/Group Chief Executive Officer meets monthly with Management, the Chief Internal Auditor and relevant operational personnel to conduct, review, mitigate or eliminate and update the significant risks 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

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 Board publishes annually its Statement on Risk Management and Internal Control in the Company’s Annual Reports providing an overview of the state of risk management and internal control.	
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	:	Adopted
Explanation on adoption of the practice	:	The Board Audit and Risk Management Committee comprising Independent Directors oversees and monitors the Company's enterprise wide risk management framework and policies.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Company has an in-house Internal Audit department headed by a qualified internal auditor. The Internal Audit functions independently and reports to the Board Audit and Risk Management Committee. The Internal Audit in its reports to the Committee provides the Board with the assurance on effectiveness, adequacy and integrity of the Company’s risk management and internal controls.	
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	:	Disclosure is in the Report of the Board Audit and Risk Management Committee in the Company’s Annual Report 2018. The Company’s in-house Internal Audit personnel are free from any relationship or conflict of interest which could impair their objectivity and independence. It is headed by a qualified accountant with more than 20 years of relevant experience and who is a member of The Institute of Internal Auditors Malaysia. The present resources of internal audit comprise three permanent staff – one head and two executives. The Internal Audit carries out its audit in accordance with the principles of the International Professional Practices Framework on Internal Auditing covering the conduct of audit planning, execution, record-keeping, communication of findings and consultation with key stakeholders on audit concerns.	
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	:	The Board ensures that shareholders are kept informed and notified of the Company's announcements/ disclosures through releases to Bursa Malaysia. It practices timely disclosure of material information to shareholders of the Company. The Executive Director /Group Chief Executive Officer, the Group Chief Operating Officer/Chief Financial Officer and the Company Secretary oversee investor relations and where it is practicable to do so, will engage with institutional shareholders based on mutual understanding of objectives and entertains visits from such institutional shareholders or other fund managers representing shareholders. The Company participated in the Mid and Small Cap Research Scheme (MidS) mooted by Bursa Malaysia. It further ensures that shareholders are kept fully informed through information provided on the Company's website at www.tasekcement.com .
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	:	Applied	
Explanation on application of the practice	:	The Company’s Sustainability Statement is prepared in accordance with the internationally recognised Global Reporting Initiative (GRI) G4 Standards sustainability reporting core option. The report focuses on the sustainability performance of the Company’s cement production and ready-mixed concrete operations and published annually in the Company’s Annual Reports.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The present practice by the Company for notice for an annual general meeting is 21 clear days, which is the notice prescribed in the Listing Requirements, the Companies Act 2016 and the Company's Articles of Association which is adequate and reasonable by prescribed standards.	
		The present practice of 21 clear days' notice is adequate and reasonable for all shareholders to receive the annual report on time ahead of the annual general meeting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.2

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 members of the Board attend the Company’s Annual General Meetings including the Chairman of the Board who chairs the Annual General Meeting, and they provide response to questions from the floor during the meetings.	
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	:	
Explanation for departure	:	<p>The Company’s shareholders are considerably small in numbers and do not hold its annual general meetings in remote areas. The meetings are held in a hotel with convenient parking and public transport connections.</p> <p>Electronic voting is conducted at the Company’s annual general meetings. The profile of the Company’s shareholders may not have or able to support the technology to facilitate voting in absentia and remote participation. The Company holds its annual general meetings at a convenient venue with good public transport links and offers free parking for shareholders making it easy for them to attend and physically participate in the meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

**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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