

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4022
COMPANY NAME : TADMAX RESOURCES BERHAD
FINANCIAL YEAR : FY 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	:	<ul style="list-style-type: none"> • The roles and responsibilities of the Board of Directors (the Board) are clearly defined in the Board Charter and Schedule of Matters Reserved, with the Board Committees' roles and responsibilities in discharging its functions delegated by the Board described clearly in each respective Board Committees' Terms of Reference (TOR) and can be found on the Company's website at www.tadmax.com.my. • The Board leads the Group and plays a strategic role in formulating, recommending and implementing the Group's corporate objectives, directions and long term goals of the business. The Board is mindful of the importance of building a sustainable business and is committed to the promotion of best practice principles in this regard. • The Board is responsible for oversight and overall management of the Company and its Subsidiaries • The Board and employees of Tadmax Resources Berhad are committed to adhere to the Corporate Code of Conduct which was last reviewed by the Board in February 2017.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none"> • The Chairman is appointed by the Board and the role of the chairman's is clearly defined in the Board Charter. • The Chairman's Statement on Corporate Governance is disclosed in the Company's Annual Report. • The Chairman's role includes among others providing leadership to the Board, monitor and manage the workings of the Board, discussion of relevant issues, ensuring quality and timely information for decision making, encourage Directors to play an active role and liaison with the Managing Director and Company Secretary on the agenda for Board meetings.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none">• The position of Chairman and Group CEO is separate and held by different individuals.• There are no family relationships between them.• The Chairman is an Independent Non-Executive Director.
Explanation for departure	:	Not applicable.
<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 has on Board two qualified and experienced secretaries for the Group, one of them Miss Chew Mei Ling, is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA 7019175) whilst the other, Mr. Pow Tuck Weng, is a member of the Malaysian Institute of Accountants (MIA 8046).</p> <p>Both secretaries are accessible to the Board at all times. The secretaries also advise the Directors amongst others of their obligations to disclose their interests in securities, disclosure of any conflict of interests and remind Directors on the prohibition in dealing in the Company's securities during the close periods.</p>
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none"> • Meeting papers are circulated to the Board and the Board Committee approximately 7 calendar days prior to the meeting as stated in the Board Charter. This was achieved by the Company for the financial year ended 31 December 2018. • Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the following meeting. This was practiced by the Company for the financial year ended 31 December 2018.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none"> • The Company has in place a Board Charter and Schedule of Matters Reserved that sets out, among others, the responsibilities, authorities, procedures, evaluations and structure of the Board and Board Committees. • The roles and responsibilities of the Board, Chairman, Group Managing Director (who is the Group Chief Executive Officer), Independent Directors, Non-Executive Directors, Company Secretary and Board Committees are clearly defined in the Company's Board Charter. • The relationship between the Board and the Management is also defined in the Company's Board Charter. • The Company's Board Charter is subject to review from time to time, as an assurance that the Company remains up to date of best practices in Corporate Governance. • The Board Charter, Schedule of Matters Reserved and terms of reference of the Board Committees were last reviewed in February 2017 and both documents can be found on the Company's website at www.tadmax.com.my
Explanation for departure	:	Not applicable.
<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 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	:	<ul style="list-style-type: none">• The Company has adopted a Group-wide Corporate Code of Conduct which was last reviewed in February 2017.• The Company's Corporate Code of Conduct sets out the ethical, business and lawful conduct of the Board.• The Corporate Code of Conduct can be found on the Company's website at www.tadmax.com.my• The Group has also implemented a Policy on Conflicts of Interest since financial year 2017 and the same was disseminated to all employees and Directors of the Group. All persons subject to this policy are required to make an annual declaration and as and when the conflict occurs.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none">The Company has in place a Whistle Blowing Policy which was disseminated to all employees and Directors of the Group during the financial year 2017. The Whistle Blowing Policy can be found on the Company's website at www.tadmax.com.my
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none">The Board is made up of at least half comprise Independent Directors, where as at the end of the financial year under review, 5 out of the total 8 Directors are Independent Non-Executive Directors.
Explanation for departure	:	Not applicable.
<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
Explanation on application of the practice	:	<ul style="list-style-type: none"> Pursuant to the Board Charter, the Company has a policy where the tenure of the Independent Director should not exceed a cumulative term of 9 years. Upon completion of the nine years, an independent director may continue to serve on the Board as a non-independent director. None of the current independent directors have served as Director for more than 9 years.
Explanation for departure	:	Not applicable.
<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	:	Applied
Explanation on adoption of the practice	:	Pursuant to the Board Charter, the Company has a policy where the tenure of the Independent Director should not exceed a cumulative term of 9 years. Upon completion of the nine years, an independent director may continue to serve on the Board as a non-independent director.
Explanation for departure	:	Not applicable
<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 4.4

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	:	<ul style="list-style-type: none"> • The Board is committed to ensuring diversity in its composition and acknowledge that adopting a diverse Board and Senior Management would bring value-adding impact on the Company. • While the Board affirms the importance of boardroom and senior management diversity, the appointments by the Board have always been based on merit. • The Board has in March 2018 established a Nomination Policy for members of the Board where it provides among others the consideration the diversity in skills, experience, age, cultural background and gender in the nomination for appointment of new Directors. Under the terms of reference of the Nomination and Remuneration Committee, the candidature of Directors and appointment of Directors to Board Committees are made after taking into consideration the following criterias:- <ul style="list-style-type: none"> - the candidate's resume, curriculum vitae and qualification and time commitment to effectively discharge his/her role as a Director of the Company; - character, integrity, competence, wisdom, ability to work as a team to support the Board, understanding of the business environment and in the case of candidates for the position of Independent Non-Executive Directors, the independence and ability to discharge such responsibilities as expected from the Independent Non-Executive Director; - whether the candidate has any conflict of interest with the Company; - any other relevant criteria as may be determined by the Nominating Committee from time to time.
Explanation for departure	:	Not applicable.
<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	:	Departure
Explanation on application of the practice	:	Not applicable.
Explanation for departure	:	<p>As per explanation given in 4.4.</p> <ul style="list-style-type: none"> • The Board acknowledges and affirms the importance of Boardroom diversity, with the appointments to the Board have always been based on merit where skills, experience and knowledge have always been the prevailing selection criteria. • Further, in line with the Malaysian Government's aspiration to have more women serving on board of listed companies, the Board has in March 2018 established a Nomination Policy for members of the Board where it provides among others the consideration of gender diversity in the appointment of new Directors • The Board presently has a female Independent Non-Executive Director. • Nevertheless, the Company practices non-discrimination on gender, race or religion.
<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 4.6

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	:	<ul style="list-style-type: none"> • During the financial year under review, the sources of potential candidates for the appointment of Directors had been through recommendations of the existing Board members, substantial shareholders and acquaintances of existing Board members. • The Board has in March 2018 established a Nomination Policy for members of the Board where it provides potential candidate for the appointment of Directors may be sourced <ul style="list-style-type: none"> ○ i) based on recommendation by existing Directors, Senior Management staff, or shareholders or; ○ ii) the Nomination and Remuneration Committee ("NRC") may source candidates to act as a Director of the Company via executive search firms.
Explanation for departure	:	Not applicable.
<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 NRC is chaired by a Senior Independent Non-Executive Director, Y Bhg Tan Sri Datuk Dr Abdul Samad bin Haji Alias.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none">• The Annual Board Performance Assessment (BPA) encompasses the assessment on the effectiveness of the Board as a whole, including the effectiveness of each board committee and individual directors. The BPA also review the performance of Management in supporting the Board.• The Company's BPA exercise processes include completing questionnaires and collating the answers received. The Chairman will then lead a discussion on the key points arising and provide feedback on any matters of interest. Interviews of the Directors by the Chairman will be undertaken where necessary.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none"> • The Company has a Remuneration Policy and Procedure which sets out the guideline on the remuneration of the directors (for both Executive and Non-Executive Directors) and senior management. • The remuneration for the Non-Executive Directors comprise directors' fees and meeting allowances have been reviewed by the Company's NRC and the Board, thereafter, recommends to the shareholders for approval. • The remuneration structure of the Executive Directors and Non-Executive Directors are disclosed under the Corporate Governance Overview Statement in the Company's Annual Report. • The Remuneration Policy and procedure was last review by the Board in December 2017 and can be found at the company's website at www.tadmax.com.my
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none">• This requirement is met by the Board's NRC.• The NRC has a TOR which clearly sets out the authority and duties of the NRC, and this TOR can be found on the Company's website at www.tadmax.com.my.
Explanation for departure	:	Not applicable.
<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	:	Departure
Explanation on application of the practice	:	<p>The Company opines that it has partially applied instead of full "Departure" on below grounds :-</p> <p>The Company has disclosed on a no-named basis the Company's Directors by band of RM50,000 (at Company and at Group level) under the Corporate Governance Overview Statement of the Annual Report.</p> <p>Further disclosures were made on the components of remuneration paid or payable to the Directors of the Company and of the Group categorised into salaries, allowances, benefits-in-kind and statutory contributions and further segregated between Executive and Non-Executive Directors.</p>
Explanation for departure	:	<ul style="list-style-type: none"> After careful and in-depth consideration, the Board is of the opinion that the disclosure of Directors' remuneration on an individual basis will be detrimental to the Group as this will facilitate the opportunity of prospective employers to approach the Company's Directors considering the dearth of such persons with a particular skill and also importantly such disclosure will expose them to personal security risks.
<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

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	:	<p>The Company opines that it has partially applied instead of full "Departure" on below grounds :-</p> <p>The Company has disclosed on a no-named basis the Group's top senior management employees by band of RM50,000 and the components of remuneration under the Corporate Governance Overview Statement of the Annual Report.</p> <p>Further disclosures were made on positions held by the top five senior management employees who are covered under the above remuneration bands.</p>
Explanation for departure	:	<ul style="list-style-type: none"> After careful and in-depth consideration, the Board is of the opinion that the disclosure of top five senior management's remuneration on a named basis will be detrimental to the Group as this will facilitate the opportunity of prospective employers to approach the Group's top senior management employees considering the dearth of such persons with a particular skill and also importantly such disclosure will expose them to personal security risks.
<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

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	:	Departure
Explanation on adoption of the practice	:	Not applicable.
Explanation for departure	:	As per explanation given in 7.2
<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 8.1

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

Application	:	Applied
Explanation on application of the practice	:	Mr Derek John Fernandez, the Chairman of the Audit, Risk Management and Sustainability Committee (ARMSC) is an Independent Non-Executive director, who is not the Chairman of the Board.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none">• None of the present members of Audit, Risk Management and Sustainability Committee is a former key audit partner within the last two years.• This policy is reflected in the TOR of the ARMSC and can be found at the company's website at www.tadmax.com.my.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none">• This policy is reflected in the TOR of the ARMSC and can be found at the company's website at www.tadmax.com.my.• The ARMSC has at its meeting on 21 March 2019 undertook an assessment of the suitability, objectivity and independence of the External Auditors for the ensuing year.
Explanation for departure	:	Not applicable.
<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	:	Applied	
Explanation on adoption of the practice	:	<ul style="list-style-type: none">• The ARMSC comprised solely Independent Non-Executive Directors.	
Explanation for departure	:	Not applicable.	
<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 8.5

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	:	<ul style="list-style-type: none"> • The Chairman of the ARMSC, Mr Derek John Fernandez, is a Lawyer by profession. • Prior to his resignation on 28 February 2019, Dato' Samsudin bin Abu Hassan is a Fellow Member of the Chartered Institute of Management Accountants. Pn Asriah bin Shaari was formerly the Director of the Malaysian Tax Academy. Pn Asriah binti Shaari replaced Mr Tan Peng Koon on 5 April 2018. Mr. Tan Peng Koon who resigned on 5 April 2018 is a member of CPA Australia. Mr Abraham Verghese A/L TV Abraham joined the ARMSC on 26 February 2019 and he is a qualified Accountant and been in the auditing/accounting profession for more than 35 years. • Details qualifications and background of the members of ARMSC (except Dato' Samsudin and Mr Tan Peng Koon) are fully disclosed in the Company's Annual Report. • Each of the member of the ARMSC has amassed work experiences in excess of 25 years, attended continuing professional development during the financial year and possess wide range of skills and background or knowledge as well as necessary experience, and are financially literate.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none"> • The Board has a Risk Management and Internal Control framework & policy to ensure that risk management is properly governed and internal controls across the Group are managed within risk appetite set by the Board. • To ensure their continuous effectiveness, the Risk Management framework is periodically reviewed and is supported by dedicated oversight function within the business units & functional lines. The Risk Management framework was last reviewed by the Board in November 2017. • Periodic meetings were held at the Group's business and functional units and the outcome were escalated to the Risk Management Team for review followed by oversight by the ARMSC and the Board.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none">• Details of the feature of the risk management and internal control framework, which include the governance and processes, are disclosed in the Company's Annual Report under the Risk Management and Internal Control Statement.• Adequacy and effectiveness of the key risk management and internal control processes are also reviewed and disclosed under the Risk Management and Internal Control Statement of the Company's Annual Report.
Explanation for departure	:	Not applicable.
<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	:	Applied
Explanation on adoption of the practice	:	The Board has established Risk Management as a portfolio under the ARMSC to oversee the Company's risk management framework. The present Chairman and members of the ARMSC comprise entirely Independent Non-Executive Directors.
Explanation for departure	:	Not applicable.
<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 10.1

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	:	<ul style="list-style-type: none"> • The Group Internal Audit operates under an Audit Charter mandated by the ARMSC on 15 November 2016 that gives unrestricted access to review all activities across the Group. • The Internal Auditors report directly to the ARMSC. The ARMSC approves the Internal Audit's annual plan, monitors the progress of the completion of the Audit plan, as disclosed in the ARMSC Report. • The ARMSC reviews and evaluates the effectiveness and the performance of the Internal Auditor. • During the financial year, the ARMSC met with the Internal Auditors twice. The Auditors presented its reports and at one of the meeting held on 20 August 2018 had a private session with the Internal Auditors in the absence of the Management.
Explanation for departure	:	Not applicable.
<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	:	<ul style="list-style-type: none"> • The Board has outsourced its Internal Audit function to an independent external professional firm. • The Internal Audit is independent from the business and undertakes activities as stated in the ARMSC Report. • The profile of the Chief Internal Auditor, Mr Gabriel Teo Chun is disclosed below detailing his qualification and experience. <table border="1" style="width: 100%; margin-top: 10px;"> <tr> <td> <ul style="list-style-type: none"> • GABRIEL TEO CHUN, C.A.(M). FCPA (Aust.), CPA (Singapore), CPA (Cambodia), B.Com, A.T.I.I, C.M.I.I.A • Member of CPA Australia’s Public Practice Advisory Committee and Council Member of the Malaysian Division and member of the Bar Council’s Disciplinary Board. He is also a past member of Insolvency Committee Member of The Malaysian Institute of Accountants and past Treasurer of Squash Racquet Association of Malaysia. • Has close to 20 years of extensive experience in the area of professional accounting practice covering Audit, Taxation, Advisory, Fraud Investigation, Insolvency & Restructuring Exercise. • Notable fraud investigation includes public listed companies in Malaysia and subsidiary of a company listed in France. Has been involved in advising clients on internal controls, mergers and acquisitions; and has undertaken Assignments as Provisional /Liquidators /Receiver of various companies with experience in various industries such as textile, manufacturing, building material, car parts, palm oil plantations, property development, technology, shipbuilding, oil & gas and chemical. </td> </tr> </table> • A brief statement on the Internal Audit Function is disclosed under the ARMSC Report as appearing in the Company’s Annual Report. 	<ul style="list-style-type: none"> • GABRIEL TEO CHUN, C.A.(M). FCPA (Aust.), CPA (Singapore), CPA (Cambodia), B.Com, A.T.I.I, C.M.I.I.A • Member of CPA Australia’s Public Practice Advisory Committee and Council Member of the Malaysian Division and member of the Bar Council’s Disciplinary Board. He is also a past member of Insolvency Committee Member of The Malaysian Institute of Accountants and past Treasurer of Squash Racquet Association of Malaysia. • Has close to 20 years of extensive experience in the area of professional accounting practice covering Audit, Taxation, Advisory, Fraud Investigation, Insolvency & Restructuring Exercise. • Notable fraud investigation includes public listed companies in Malaysia and subsidiary of a company listed in France. Has been involved in advising clients on internal controls, mergers and acquisitions; and has undertaken Assignments as Provisional /Liquidators /Receiver of various companies with experience in various industries such as textile, manufacturing, building material, car parts, palm oil plantations, property development, technology, shipbuilding, oil & gas and chemical.
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Explanation for departure	:	Not applicable.	
<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	:	<ul style="list-style-type: none"> • Communication and engagement with stakeholders are made through various platforms and media other than general meeting(s), including investors' conferences, roadshows, analyst briefings and via electronic means such as website. The Company will ensure that no disclosure of material information is made on an individual or selective basis to analysts, shareholders, press or other persons unless such information has been firstly made available and disseminated to the public via Bursa LINK. • Corporate announcements are disseminated via Bursa LINK and/or via the Company's website • Events conducted by Investor Relations of the Company can be found on the Company's website at www.tadmax.com.my Stakeholders are encouraged to direct their inquiries via email to tadmax88@tadmax.com.my.
Explanation for departure	:	Not applicable.
<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	:		
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	:	<ul style="list-style-type: none">In line with the MCCG 2017, the Company has adhered to this recommended practice in convening the Annual General Meeting (AGM) held in year 2018 and will continue to apply this practice. In relation to the Notice of AGM for year 2018, it was issued on 30 April 2018 and the date of the AGM was held on 26 June 2018. Based on the above, the notice period fulfilled the recommended 28 days.
Explanation for departure	:	Not applicable.
<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 Board members are aware of their duty to attend all General Meetings of the Company. Barring unforeseen circumstances, all Board members will attend all General Meetings of the Company. At the last AGM convened on 26 June 2018, seven out of eight Directors were in attendance including both, the Chairman of the Board and ARMSC.
Explanation for departure	:	Not applicable.
<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	:	Not applicable.
Explanation for departure	:	<p>The Company's General Meetings have always been held in reasonably convenient locations which are easily accessible by its shareholders.</p> <p>To facilitate Shareholders participation and in the event they are not able to attend, shareholders are entitled to appoint representatives or proxy/ proxies to participate in general meetings and to vote on their behalf in their absence.</p> <p>Considering the cost involved, it is currently not economically justifiable to enable voting in absentia or remote shareholders' participation. However, the Company will monitor the development of technology and market practice to facilitate shareholders participation and the Board may consider implementing the same in the future.</p> <p>Since the AGM held in May 2017 and general meetings thereafter, the Company has utilised electronic voting. The Company intends to continue with this practice</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

**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.

Not applicable
