

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 4448  
**COMPANY NAME** : Tasek Corporation Berhad  
**FINANCIAL YEAR** : December 31, 2017

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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 internal controls. The board reviews the performance of the company at every of its meetings, steers the direction and guides management towards achieving the set objectives, strategies and targets agreed and set by the board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman's primary responsibility, in his capacity as non-executive chairman representing the holding company, leads the board, ensures it has a common purpose, effective and productive collectively and at individual director's level. The Chairman further ensures the board upholds and promotes high standards of integrity, probity and governance. 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 shareholders' and stakeholders' interest are safeguarded and there is effective communication with them. This ensures members of the board develop and maintain an understanding of the views of shareholders and stakeholders.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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 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 controller. .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company Secretary is qualified as 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 30 years of relevant experience. He annually undergoes and completes the mandatory CPD hours prescribed by MAICSA.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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 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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board's stewardship has been formalised into a board charter, which provides reference for directors in relation to the roles, powers, responsibilities and functions of the Board. The Board 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.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There is in existence the company's code of ethics and conduct which applies to all directors, management and staff. Newly appointed director(s) or staff are given the code and acknowledged having read and understood the provisions and agree to observe and to be bound by the code. The code is published on the company's website.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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 business and operations. The whistle-blowing policy facilitates disclosure of any improper conduct and has a structured procedure for reporting to the chairman of the audit committee. The whistle-blowing policy is published on the company's website.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The composition of the board includes the Chairman as a non-executive director, an executive director 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 non-executive, executive (representing the interest of the controlling shareholder) and a majority of independent directors. Being a nominee director of the holding company, the Chairman is non-independent and non-executive.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	One of the independent members of the Board, Dato' Chong Pah Aung will have served nine years as a director of the company on 28 April 2018. In its criteria for independent directors, the board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the board. The board recognises that an individual's independence should not be determined solely based on tenure of service and that a continued tenure of directorship for an independent director brings considerable stability to the board and company. The company benefits from directors who have, over time, gained valuable insight into the company, its market and the industry. The board will justify and seek shareholders' approval to retain the said director as independent director beyond his tenure of nine years at the forthcoming annual general meeting in April 2018.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	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 and this will be stated in the company's annual report 2017. The diversity policy of the board, which will be disclosed in the same annual report, recognises and embraces the benefits of diversity on the board. 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.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The board's remuneration and nomination committee do engage external independent resources to identify suitable qualified candidates for directorship.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has a remuneration and nomination committee comprising a majority of independent directors. The remuneration and nomination committee is chaired by an independent director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>On the recommendation of the remuneration and nomination committee, the board had resolved to assess and evaluate each individual director and of the board as a whole every two years and to periodically review the term of office and performance of its board audit and risk management committee and each of its members. The board is of the view that a two-year period before evaluation would provide a fairer and more effective, more meaningful and substantial assessment. The evaluation done in 2016 was disclosed in the company's annual report 2016.</p> <p>Due to its size, the board's practice is to assess and evaluate each director and the board as a whole every two years and is reported in the relevant annual report.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The board has a remuneration policy and procedure for directors to ensure 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 with a view towards attracting and retaining qualified directors. The last review was done in 2016. The policy and procedure for remuneration are further governed by the Company's constitution. Determination of such remuneration of non-executive 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 will be made available on the company's website.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The board’s remuneration and nomination committee functions within its terms of reference as approved by the board. All members of the committee are non-executive directors with majority of them independent directors. The terms of reference are published on the company’s website.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Disclosure will be made in the company's annual report 2017 on named basis the remuneration of individual directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The remuneration of the company's top 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 2017. Since the GCEO is also a board member of the company, his disclosure will not be replicated. The two criteria to be fulfilled for purposes of determining the top management for disclosure are:- <ol style="list-style-type: none"><li>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 CEO (who is not a director) or the other C-suites; and</li><li>2. must be the highest paid.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The chairman of the board audit and risk management committee is an independent director and is not the chairman of the board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	No necessity. To have it as a policy will imply that former key audit partners are potential candidates for the audit committee and may be misleading. The board audit and risk management committee and the board are made aware of Practice 8.2 similar to the Listing Requirements that a cooling period of 2 years before an officer of a listed issuer can be considered for appointment as an independent director.
		If the Board so decides to consider appointing a former key audit partner of the company as an independent director, it will abide with 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>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The terms of reference of the board audit and risk management committee together with the policy for assessment have been updated to reflect this. The committee will evaluate and assess the external auditor on completion of the audit for each financial year.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The members of the board audit and risk management committee are all 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	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. Arrangements will be made by the company for the members of the committee to continue to keep abreast of relevant developments in accounting and auditing standards, practices and rules.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The board has in place an enterprise wide risk framework for risk management and internal control 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 internal audit department assist 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. An enterprise risk management committee chaired by the Executive Director/Group Chief Executive Officer meets monthly with the chief internal auditor and relevant management personnel to conduct, review, mitigate or eliminate and update the significant risks of the Company.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The board has the board audit and risk management committee comprising independent directors to oversee and monitor 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The company has an internal audit department headed by a qualified internal auditor. The internal audit is independent of the activities it audits. Its function 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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Disclosure is in the report of the board audit and risk management committee in the company's annual report 2017. The company's in-house internal audit is independent as it reports to the board audit and risk management committee. It is headed by a qualified accountant with more than 20 years 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 – and one intern. The company's in-house internal audit carries out the audit in accordance with the principles of the international professional practices framework on internal auditing	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The board ensures that shareholders are kept informed and notified of the company's 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 and the company secretary oversee investor relations and where it deems it 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 also participates 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 <a href="http://www.tasekcement.com">www.tasekcement.com</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The company’s annual report has incorporated since 2016 a sustainability report prepared in accordance with the internationally recognised global reporting initiative (GRI) G4 sustainability reporting core option. The report focuses on the sustainability performance of the company’s cement production and ready-mixed concrete operations. The board will continue to assess and improve on the reporting and disclosure.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	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 Constitution which is adequate and reasonable by prescribed standards.	
		The present practice of 21 clear days' notice is adequate and reasonable and all shareholders receive the annual report on time with plenty of buffer ahead of the annual general meeting. The outcome is the same be it 28 days or more.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All the members of the board attend the annual general meetings and including the chairman of the meeting, they provide response to questions.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The company do not have a large number of shareholders and do not hold its annual general meetings in remote areas. The meetings are held in a hotel with convenient 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 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>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	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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