

CORPORATE GOVERNANCE REPORT

STOCK CODE : 2259
COMPANY NAME : TALAM TRANSFORM BERHAD
FINANCIAL YEAR : January 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman ensures that decisions are taken on a sound and well-informed basis, by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.</p> <p>The Executive Directors together with the newly appointed Group Chief Executive Officer formulates strategic vision and business directions for the Company.</p> <p>The Directors promote sustainability by ensuring that the strategic plan of the Company supports long-term value creation which includes strategies on economic, environmental and social considerations.</p> <p>The Code on Ethics and Conduct is adopted across the Group to promote and implement good corporate culture within the Group which reinforces ethical, prudent and professional behaviour.</p> <p>A Risk Management and Internal Control Framework was established for the Group. This framework encompasses the Board and senior management's oversight in risk management of the Group and to ensure the Group's business objectives are supported by a sound strategy that is directed by a clear risk appetite statement approved by the Board. The Risk Management Committee, in assisting the Board, will submit a yearly report on the risks positions of the Group.</p> <p>To ensure the senior management has the necessary skills, experience and personal attributes, the Executive Directors in assisting the Board, had carried out annual performance assessment on the senior management staff.</p>

	<p>The Management's proposals which required Board's approval would be tabled at Board meetings for discussion and adoption prior to implementation. Any update on the proposals will be tabled at the Board meetings for notation.</p> <p>The quarterly financial reports are tabled to the Board within 2 months from the end of every quarter. Members of the Audit Committee and Board would seek clarification on the quarterly financial report during the Audit Committee and Board meetings.</p> <p>Annual Report is the key channel of communication with stakeholders. Another important avenue for communication and dialogue is Annual General Meeting of the Company. Any Investor Relations matters are addressed to the Executive Directors.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman, Mr Tsen Keng Yam is responsible for the leadership, effectiveness, conduct and governance of the Board. In fulfilling this role, the Chairman:-</p> <ol style="list-style-type: none"> (1) Lead the Board in establishing and monitoring good corporate governance practices in the Company. (2) Lead the Board and ensure effectiveness in all aspects of its role. (3) Ensure an efficient organisation and conduct of the Board's functions and meetings. (4) Facilitate the effective contribution of all Directors at Board meetings. (5) Chairs Board meetings and encourages active participation and allowing dissenting views to be freely expressed and discussed. (6) Chairs general meetings of the Company and provides clarification on issues that may be raised by the shareholders. (7) Promote constructive and respectful relations between Directors, and between the Board and Management. (8) Ensure effective communication with shareholders and relevant stakeholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman, Mr Tsen Keng Yam and the Executive Directors, Ms Chua Kim Lan, Mr Yaw Chun Soon and Mr Chan Tet Eu, who was recently re-designated to Executive Director (Business Development) on 1 May 2019, are all holding separate position and their respective roles and responsibilities are governed in the Company's Board Charter. The role of the Chairman and the Executive Directors are clearly defined in the Board Charter.</p> <p>On 22 March 2019, the Company has appointed Dato' Mohamad Razali Bin Mohamad Rahim as Group Chief Executive Officer and he will work together with the Executive Directors to meet the objectives and goals of the Company. He has technical and working experiences in areas such as banking, real estate, corporate finance and general management industry.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary, Mr Soo Kah Pik, is a qualified Company Secretary and is a member of the Malaysian Institute of Accountants. He is also the Secretary for all Board Committees.</p> <p>The Company Secretary has attended trainings and seminars to keep abreast of relevant statutory and regulatory requirements.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>Timely circulation of proper notice of meetings together with the agenda and meeting materials is to allow reasonable time for Directors to view the Board papers prior to the Board meeting.</p> <p>Minutes of a Directors' meeting would be distributed to all Directors on a timely basis for review and thereafter, for confirmation at the next board meeting. The signed board minutes are entered into the minutes book kept by the Company Secretary.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Board Charter clearly identifies the respective roles and responsibilities of the Board, Board Committees and individual directors including Executive Directors and Non-Executive Directors. It also clearly identifies the issues and decisions reserved for the Board.</p> <p>The Board would regularly review this charter and the terms of reference of the Board Committees to ensure that they remain consistent with the Board's objectives and responsibilities, and relevant standards of corporate governance.</p> <p>The Board Charter is published on the Company's website at www.ttransform.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Code of Conduct and Ethics ("Code") are applicable to the Board and employees of the Group. The principles of the Code includes the following:-</p> <ol style="list-style-type: none">(1) Avoid conflict of Interest(2) Exercise caution and due care to safeguard confidential information(3) Avoid insider trading(4) Ensure accuracy and reliability of records(5) Avoid discrimination or prejudice in the workplace(6) Avoid acts of misconduct <p>The Code of Conduct and Ethics is published on the Company's website at www.ttransform.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established and adopted a Whistleblowing Policy, to provide an avenue for raising concerns related to possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity, in an appropriate manner and without fear of retaliation.</p> <p>The Whistleblowing Policy provides contact details of the Head of Internal Audit Department, as the avenue for stakeholders to raise the above concerns.</p> <p>The Whistle Blowing Policy is published on the Company's website at www.ttransform.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board comprises 3 Independent Directors out of the total 7 Directors which represents 43% of the Board composition. However, the Company has complied with Chapter 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to have at least 2 Directors or 1/3 of its Board, whichever is higher, to be Independent Directors.</p> <p>In line with the Malaysian Code on Corporate Governance 2017, the Board shall endeavour that at least half of the Board members are Independent Directors.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board noted that one of the recommendations of the Malaysian Code on Corporate Governance 2017 states that the tenure of an independent director shall not exceed a cumulative term of 9 years. However, upon completion of the 9 years' tenure in office, the director may continue to serve on the Board as an independent director subject to shareholders' approval on an annual basis.</p> <p>The Board has adopted the policy which limits the tenure of its Independent Directors to 9 years in its Board Charter. However, the Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service. The extended service should not affect their independence, as they are still able to provide independent judgment, experience and objectivity without being subordinated to operational considerations. Hence, the Board will justify, recommend and seek annual shareholders' approval in order to retain the relevant Directors as an Independent Director after serving a cumulative term of more than 9 years and 12 years respectively in line with the recommendation of the Malaysian Code on Corporate Governance 2017.</p> <p>The Company will also apply the two-tier voting process in seeking shareholders' approval to retain Independent Director who exceeded 12 years' tenure in office.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application :	Departure
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied	
Explanation on application of the practice	:	The Board has established a Board Diversity Policy in guiding the Board on the new appointment of Board members.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Company currently has one woman Director on its Board.</p> <p>The Board is putting its efforts in getting other suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board.</p> <p>The Board would consider sourcing suitably qualified women candidates as directors via independent sources such as director recruitment agencies.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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	:	There was no new appointment of Directors for the financial year ended 31 January 2019. However, the Board would consider sourcing suitably qualified candidates via independent sources such as director recruitment agencies when the need arises.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	The Nomination Committee is currently chaired by an Independent Director, Dato' Kamaruddin Bin Mat Desa.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board evaluation conducted comprised of Directors' Evaluation Form, Board Skills Matrix Form, Board & Board Committees Evaluation Form and Independent Directors Self-Assessment Checklist. The assessment criteria include contributions to interaction, roles and duties, knowledge and integrity, governance and risk management whilst the criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group, tenure of independence and his involvement in any significant transaction with the Group.</p> <p>The Board Committees are evaluated based on assessment criteria which include the right size and composition, effective recommendation and timely reporting to the Board, expertise, competence, experience and communication skill.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Company has established a Directors' Remuneration Policy and Employees' Remuneration Policy.
Explanation for departure	:	The above policies will be reviewed periodically by the Remuneration Committee. A copy of the Directors' Remuneration Policy and Employees' Remuneration Policy are available on the Company's website at www.ttransform.com.my .
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Remuneration Committee ("RC") to review and recommend matters relating to the remuneration of the Board.</p> <p>A copy of the RC's Terms of Reference ("TOR") is available on the Group's website. The said TOR includes requiring the RC to review and deliberate on the remuneration for the Directors which shall commensurate with their performance and contribution to the Company, and recommend to the Board for approval. Following the recent appointment of the Company's Group Chief Executive Officer, the RC will also review his remuneration.</p> <p>The remuneration of the senior management will be reviewed and appraised by the Executive Directors together with the Group Chief Executive Officer.</p> <p>A copy of the Remuneration Committee's TOR is available on the Company's website at www.ttransform.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The details of the remuneration received by the Directors of the Company on named basis are disclosed in the Company's Annual Report. The remuneration breakdown of individual directors includes fees, salary, ex-gratia, benefits-in-kind and other emoluments.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Company had disclosed the top 5 senior management staff's remuneration on aggregate basis without being named and in each successive band of RM50,000-00.</p> <p>The remuneration of the senior management staff includes salary, ex-gratia, benefits-in-kind and other emoluments.</p> <p>The Company chose not to disclose the remuneration of the individual senior management staff on named basis as the Company believes that this information will not add significantly to the understanding and evaluation of the Company's governance, and may also pose security risks.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application :	Not adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Chairmanship of both the Audit Committee and Board is assumed by the same person, Mr Tsen Keng Yam. The Board is of the view that Mr Tsen is suitable to hold both positions as he can still bring objective judgement during the Board meetings with regards to the findings and recommendations made by the Audit Committee. Furthermore, he possesses the relevant experience and qualification such as being a member of the Malaysian Institute of Accountants to ensure an efficient conduct of the Board and Audit Committee's functions and meetings.	
<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	:	The policy on observation of a cooling-off period of at least 2 years for a former key audit partner prior to the appointment as a member of the Audit Committee (“AC”) was incorporated in the Terms of Reference (“TOR”) of AC. A copy of the TOR of AC is available on the Group’s website at www.ttransform.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee assessed the suitability, objectivity and independence of the external auditors based on the External Auditors' Performance and Independence Checklist.</p> <p>The Company has also established an External Auditors Policy to outline the guidelines and procedures for the Audit Committee to assess and monitor the external auditors.</p> <p>The assessment is carried out annually.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All the Audit Committee members comprised solely of Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>All members of Audit Committee ("AC") are financially literate and are able to understand matters under the purview of the AC including financial reporting process to effectively discharge their duties.</p> <p>All members of the AC have attended relevant training to assist in discharging their duties effectively and were also briefed by our external auditors of the latest accounting and audit standards applicable to the Group. During the financial year, the training attended by the AC members were as follows:-</p> <p>(1) Malaysian Regulatory Framework on Prevention of Money Laundering and Terrorism Financing in Corporate World.</p> <p>(2) International Professional Practices Framework for Audit Committee organised by the Institute of Internal Auditors Malaysia.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The risk management and internal control framework have been approved by the Board.</p> <p>A Risk Management Committee ("RMC") has been set up to oversee and ensure the effective implementation of the framework including the setting of risk appetite and risk tolerance statements.</p> <p>A structured process has been established to identify and assess risks arising from the Group's operations, as well as the effectiveness of the control measures and internal control practices.</p> <p>The Executive Directors together with the Chief Financial Officer are responsible for managing risks in accordance to regulatory guidelines and internal policies approved by the Board.</p> <p>The RMC meets at least once a year to deliberate on the findings of financial and non-financial risks and recommendations of the internal controls.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	<p>The Statement of Risk Management and Internal Control (“SORMIC”) is disclosed in the Company’s Annual Report.</p> <p>The key features of the framework, as well as a discussion of the key risk areas faced by the Group, are disclosed in the SORMIC in the annual report.</p> <p>Attestation has been made by the Board with regard to the adequacy and effectiveness of the framework.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not adopted
Explanation on adoption of the practice	:	The Risk Management Committee is currently chaired by the Executive Director, Mr Yaw Chun Soon while the members comprise of Executive Director, Ms Chua Kim Lan and key senior management staff, Mr Tan Bak Hai, Mr Soo Kah Pik and Ms Ng Giak Lian.

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established an Internal Audit Department ("IAD") which assists the Audit Committee in the discharge of its duties and responsibilities. The role of the IAD is to provide independent and objective reports on the organisation's management, records, accounting policies and controls to the Board.</p> <p>The internal audits include evaluation of the processes where significant risks are identified, assessed and managed. Such audits also ensure that instituted controls are appropriate, effectively applied and achieve acceptable risk exposures consistent with the Group's Risk Management and Internal Control Framework.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal auditors are free from any relationships or conflict of interest or undue influence of others to override professional and business judgement, which could impair their objectivity and independence. The independence of the internal audit function is derived from its direct reporting and unencumbered access to the Audit Committee. The Head of Internal Auditors (“HIA”) reports directly and functionally to the Audit Committee and ultimately to the Board, and administratively to the Executive Directors of the Company.</p> <p>During the financial year, there were 3 internal audit staff with relevant qualifications and experience in the IAD. The HIA, Encik Zakaria Bin Saparon, is a holder of Bachelor’s Degree with Honours in Accounting from the University Kebangsaan Malaysia. He is a Chartered Accountant of the Malaysian Institute of Accountants. He is also a Member of the Institute of Internal Auditors Malaysia.</p> <p>The internal audit function is governed by an Internal Audit Charter that was approved by the Board. The charter sets out the objectives, authority and scopes of the internal audit function. During the financial year, the internal audit function is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board ensures the Company announces its quarterly results on timely basis to the shareholders and also make the necessary announcement to its stakeholders.</p> <p>The Board also ensures shareholders are given the opportunity to speak and seek clarification during the Company's Annual General Meeting, for effective and transparent communication with its shareholders.</p> <p>Investor relations activities such as meetings with fund managers & analyst and interview by the media will be attended by the Executive Directors, Ms Chua Kim Lan and Mr Yaw Chun Soon.</p> <p>The Company also has a website at www.ttransform.com.my, as an avenue for dissemination of corporate and financial information.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company would consider adopting integrated reporting in the near future as such integrated reporting is still new in the current market.	
		The Company will adopt integrated reporting based on a globally recognised framework.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The Notice of Annual General Meeting ("AGM") to shareholders is dated 31 May 2019, which is more than 28 days' notice for holding the Company's AGM on 25 July 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All Directors attend the Company's General Meeting. The Chairmen of the Audit Committee, Nomination Committee, Remuneration Committee, Executive Committee and Risk Management Committee are present at the meeting to provide response if there are any questions addressed to them.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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	:	Applied	
Explanation on application of the practice	:	The Company's General Meetings have been held near the city centre and not in remote locations.	
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	:		