

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5042
COMPANY NAME : TSR CAPITAL BERHAD
FINANCIAL YEAR : June 30, 2021

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 Board assumes responsibility of the Company's leadership and directs as well as supervise the management of the business units and affairs of the Company and the subsidiaries ("the Group").</p> <p>The Group has in place policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital.</p> <p>The Board monitors the performance of Management through the quarterly operational report and decides on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.</p> <p>In the normal course of events, day to day management of the Company will be in the hands of Management and under the stewardship of the Chief Operating Officer (COO).</p> <p>The Board has delegated specific responsibilities to the Audit Committee and the Nomination & Remuneration Committee. These Committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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 is principally responsible for the working of the Board which include: -</p> <ul style="list-style-type: none">• Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.• Participating in the selection of Board members and ensuring that the membership is properly balanced.• Setting agenda for Board meetings, usually in conjunction with the COO and Secretary. The Chairman should ensure that the agenda and all necessary background paper are given to Directors in sufficient time to enable the papers to be adequately considered before the meeting.• Chairing meetings of the Board in such a manner that will stimulate debate on the issues before the Board and encourage the most effective contribution from each Director.• Reviewing the minutes of meetings of the Board before meeting, to ensure they accurately reflect the Board's deliberations, and matters arising from the minutes and on which further action is required have been addressed.• Monitoring and evaluating the individual performance of Directors and the Board as a whole.• Ensure the Company provides an orientation and education program for new directors.• Initiating, normally in conjunction with the COO, the formulation of a business plan to ensure that the Board establishes at the beginning of each year the goals it wishes to achieve and the means by which this will be carried out.• Initiating the establishment of Board Committees and ensuring that they achieve their objectives.• Fastening high corporate governance. <p>The role of Chairman of the Board is taken over by Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim, an Independent Non-Executive Chairman of TSR.</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 1.3

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

Application	:	Applied	
Explanation on application of the practice	:	Our Board Chairman and COO are different individuals. The role and responsibilities of our Board Chairman and COO are formally documented in our Board Charter. The separation of roles ensures there is a balance of power and authority in accordance with good CG practices.	
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 has appointed two names secretaries who are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 ("CA") for the Company and its subsidiaries. One of them is an Associate member of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and another one was a member of Malaysian Institute of Accountant ("MIA").</p> <p>The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the CG of TSR Group. In this respect, they play an advisory role to the Board, particularly with regard to the Company's constitution, Board policies, procedures and its compliance with regulatory requirements, codes, guidance and legislations. The Company Secretaries also support the Board in managing the Group Governance Model to ensure its relevance and effectiveness.</p> <p>Every Director has access to the advice and services of the Company Secretaries. The Board believes that the Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board and the terms of appointment of the Company Secretaries permits their removal and appointment of a successor only by the Board as a whole.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The agenda and full set of board papers for consideration are distributed 7 days before each meeting of the Board to ensure that the Directors have sufficient time to study them and be properly prepared for discussion and decision making.</p> <p>The Board's deliberation of the issues discussed and conclusions reached is duly recorded in the minutes of meetings which will be circulated to Board members and subsequently confirmed by the Chairman in the next meeting.</p> <p>The Chairman of the respective committees inform the Board any salient matters raised at the committee meetings which require the Board's approval.</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 Board had established the Board Charter as a source of reference to the Board in the fulfilment of its authority, roles, functions, composition, duties and responsibilities which are in line with the principles of good corporate governance and provide a primary induction literature by providing insights to prospective Board members and Senior Management.</p> <p>The Board Charter was last reviewed on 12 October 2020 and can be accessed at the Company's website at www.tsrcap.com.my.</p> <p>The Board will continue to update the Board Charter from time to time to reflect changes to the Company's policies, procedures and processes as well as the latest relevant legislation and regulations.</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 Board has formalised a Code of Conduct and Ethics to enhance the standard of corporate governance behaviour with the intention of achieving the following aims:-</p> <ol style="list-style-type: none">1. to establish a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted, are held or upheld by any one person; and2. to uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company. <p>The Code of Conduct and Ethics can be accessed at the Company's website at www.tsrcap.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	:	The Whistleblowing Policy has been established and a procedures document, which outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of regulatory requirements involving employees, Management or Directors in the Group, is available on the Company's website at www.tsicap.com.my . For the financial period under review, the Board is unaware of any activities related to whistle blowing and no communication received from the whistleblowing process.	
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	:	3 out of 9 directors or 33% of the Board are independent directors.
		Although less than half of the Board comprises Independent Directors, there are two (2) Non-Executive Directors who by virtue of their non-executive status, are not involved in the day-to-day management of the Group's businesses. The Board is of the view that having a majority of Non-Executive Directors of the Board provides reasonably effective checks and balances within the Board. Besides that, Mr Tan En Chong had been appointed as a Senior Independent Non-Executive Director to ensure that board decisions are made objectively in the best interest of the Company.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board, through the Nomination Committee, will continue to identify potential independent directors that possess the right skills and knowledge required by the Group.
Timeframe	:	Others subject to the availability of the right candidates

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 - Two Tier Voting
Explanation on application of the practice	:	<p>The Nomination Committee and the Board, having evaluated the annual assessment of Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim and Mr Tan En Chong who have served a cumulative term of 12 years and more than 12 years respectively on the Board as Independent Non-Executive Directors, satisfied that they have fulfilled the criteria of Independent Non-Executive Directors set by the Company. Their long tenure has to this day not created any adverse effect on their independency and have no conflict of interest or undue influence from interested parties. Further, Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim and Mr Tan En Chong's intellectual honesty, bona fide commitment and vast knowledge in various areas of finance matters warrants his retention as Independent Non-Executive Directors of the Company. Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim and Mr Tan En Chong did not involve in any operational matters of the Group nor having their own business which is in the same industry as the Group.</p> <p>The Board recommends that Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim and Mr Tan En Chong who have served in the capacity of Independent Directors for 12 years and more than 12 years respectively to continue to serve on the Board without re-designation as Non-Independent Director. Shareholders' approval will be sought at the forthcoming 20th Annual General Meeting for Tan Sri Dato' Seri Mohamad Noor Bin Abdul Rahim and Mr Tan En Chong to continue serving the Company as Independent Non-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

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

Practice 4.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of diversity, whether in terms of age, gender, ethnicity or religion, skills, experience or cultural background.</p> <p>The Nomination Committee (“NC”), established by the Board is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It is also tasked to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.</p> <p>The NC is responsible, by utilizing independent sources to identify suitably qualified candidates (based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender), and propose such candidates as Senior Management and to assess such senior management on an ongoing basis.</p> <p>The role of NC is detailed in its Terms of Reference, which is available on the Company’s website at www.tsrcap.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 4.5

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

Application	:	Applied	
Explanation on application of the practice	:	<p>In the Company's Board Charter, the Board encourages diversity and there is no discrimination on any basis, including but not limited to, race, age, ethnicity and gender. The Board is of the opinion that the evaluation of suitability of candidates should be based on their performance and merit, in the context of skills, time commitment and experience to bring value and expertise to the Board.</p> <p>The Board did not set specific target on gender diversity for the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	Selection of candidates for appointment of new Directors may be recommended by Directors, Management and Shareholders. The Board is also open and may seek external independent sources to identify suitably qualified candidates. The Nomination Committee (“NC”) propose new nominees for appointment to the Board. In making the recommendations, the NC shall consider the candidates skills, knowledge, expertise and experience.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 Chairman of the Nomination Committee is chaired by Mr Tan En Chong, a Senior Independent Non-Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NC is responsible to carry out the annual assessment of the effectiveness of the Board as a whole as well as the committees of the Board. The annual assessment comprises of Board Assessment by Individual Directors in relation to their performance and contribution towards meeting the needs of the Company. The assessments include Self and Peer Assessment and an assessment of independence for an Independent Director. All assessments and evaluations carried out by the Committee in the discharge of all its functions has been properly documented.</p> <p>In respect of the assessment for the financial year ended 30 June 2021, the Board was satisfied with the results that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director are in satisfactory. The Board was also satisfied that the Board composition in terms of size, the balance between Executive, Non-Executive and Independent Directors and mix of skills was adequate.</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	:	<p>The Board has in place in a Remuneration Policy to support and drive business strategy and long term objectives of the Company. The Remuneration Committee is responsible for reviewing and recommending to the Board the compensation payable to the Directors and the Senior Management in connection with their individual contributions to the Company's overall performance or any loss or termination of their office or appointment, and the compensation arrangements relating to their dismissal or removal for misconduct.</p> <p>Executive Directors play no part in decisions on their own remuneration. The remuneration packages of Non-Executive Directors are determined by the Board as a whole. All the individual Directors concerned abstain from discussing their own remuneration.</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 6.2

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

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

Application	:	Applied	
Explanation on application of the practice	:	The roles and responsibilities of the Remuneration Committee are provided in the Terms of Reference and available in the Company's website at www.tsrcap.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

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 Board as a whole shall determine the Non-Executive Directors' fees with the individual concerned abstaining from deliberations and voting on discussions in respect of his fee. The level of Directors' fees shall reflect the experience and responsibilities undertaken by the particular Non-Executive Director. The breakdown of the remuneration of the Directors in the Group and Company during the financial year is set out in the Annual Report 2021.
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	:	Due to confidentiality of the remuneration package of Senior Management, it would be in the best interest of the Company not to disclose their remunerations on named basis.	
		The Board wishes to give assurance that the remuneration of Senior Management commensurate with their individual performance, taking into consideration of Company's performance. The remuneration packages of Senior Management are based on experience, expertise, and skills. The Board opines that the current remuneration packages are competitive to attract, retain and motivate its Senior Management to lead and operate the Company successfully.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will continue to observe and monitor the market practice in respect of the required disclosure for future consideration.	
Timeframe	:	Others	Please specify number of years.

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Mr Tan En Chong who is not the Chairman of the Board of TSR.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The policy which is included in the Terms of Reference of the Audit Committee ("AC") requires that no former audit partner shall be appointed as a member of AC unless he/she has served a cooling off period of at least two years before his/her appointment as a member of the AC. Such Terms of Reference of AC is available on the Company's website at www.tsrcap.com.my.</p> <p>None of the AC members were former audit partner of the Company's external auditors, for the financial period under review.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 AC is required by its Terms of Reference to assess and monitor the performance, suitability, objectivity and independence of the external auditor annually.</p> <p>During the financial year under review, the AC met up with the external auditors, Crowe Malaysia PLT ("Crowe Malaysia"), two times in the absence of the Management. The external auditors had provided a confirmation to the Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The AC has monitored and reviewed the performance and independence of the external auditors and is satisfied that Crowe Horwath has been independent throughout the conduct of the audit process and the audit services rendered have met the expectation of the AC.</p> <p>Pursuant to the assessment of the EA, the Committee is satisfied with the suitability and independence of the AC and has recommended their re-appointment for the financial year ending 30 June 2022.</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 3 members of the Audit Committee of TSR are Independent Non-Executive 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>The Audit Committee members possess a wide range of skills to discharge their duties and their profiles are set out in the Annual Report. One of the Audit Committee Member, namely Mr Tan En Chong is a member of the Malaysian Institute of Accountants.</p> <p>The Board recognises the importance of continue training for its members. The Directors are encouraged to attend various training programmes and seminars. The details of the programme attended by the Directors during the financial year ended 30 June 2021 are disclosed in the Corporate Governance Overview Statement.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility for the Group's system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing its adequacy and operating effectiveness in meeting the Group's objectives. The Board has established a risk management process to identify, evaluate, control, report and monitor significant risks faced by the Group. The Group has also established an organizational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority to ensure the internal control system is observed.</p> <p>The Board has delegated its role in the review process to the Audit Committee. However, the Board as a whole remains responsible for all the actions of the committee with regard to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control.</p> <p>The Statement on Risk Management and Internal Control which has been reviewed by the EA is set out on page 32 to 33 of the Annual Report detailing the risk management and internal control framework of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of sound system of risk management and internal control to safeguard shareholders' investment and the Group's asset.</p> <p>The Board acknowledges its primary responsibility to ensure that risks in the Group are identified, measured and managed with appropriate system of risk management and internal controls, and to ensure that the effectiveness, adequacy and integrity of the risk management and internal control systems are reviewed on an on-going basis.</p> <p>The review covers, inter alia, financial, operational and compliance system controls and risk management procedures of the Group. However, such procedures are designed to manage rather than to eliminate risks that may impede the achievement of the Group's business objectives. Accordingly, a sound system of risk management and internal control can only provide reasonable, and not absolute, assurance against material errors, misstatement, losses or fraud.</p> <p>Further details are set out in the Statement of Risk management and Internal Controls in the Annual Report 2021.</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	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	The internal audit function of the Group is presently outsourced to a professional services firm to provide the Board and the Audit Committee with assurance on the adequacy and effectiveness of the system of internal control of the Group. The internal auditors focus their review on significant and high risk areas of the Group's businesses. The internal audit function reports directly to the Audit Committee.	
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 Audit Committee has appointed Vaersa Advisory Sdn Bhd to provide internal audit services on a outsource basis. Vaersa Advisory which is headed by Mr Quincy Gan Hoong Huat is free from any relationships or conflicts of interests which could impair its objectivity and independence.</p> <p>He is a Fellow of the Association of Chartered Certified Accountants (FCCA). He is supported by a team of qualified and experienced internal audit professionals.</p> <p>The internal auditor reports directly to the Audit Committee and the review is carried out in accordance with the International Professional Practices Framework 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 recognises the importance of being transparent and accountable to the Company's shareholders and, as such, has availed various channels to maintain communication with them. The various channels are through the quarterly announcements on financial results to Bursa Malaysia, relevant announcements and circulars, annual report, media release, general meeting and Company's website.</p> <p>The general meeting is also an important platform for the shareholders to interact with the Board to seek clarifications on any issues and to gain better understanding of the Group's business affairs and performance, thereby enabling the shareholders to make informed decisions in valuing the Company's shares. At such meetings, the Board provides opportunity for the shareholders to raise questions pertaining to the Company's activities. Members of the Board, Senior Management and the external auditors are also present to answer questions raised during the meetings.</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 11.2

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 Group does not fall under the category of "Large Companies". The Group does take efforts to provide meaningful and adequate information to investors, the general public and other stakeholders on the Group's strategy, business operations, business structure as well as sustainability and corporate social responsibility efforts.	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Group meets with the main Market Listing Requirements ("MMLR") and will adopt integrated reporting should the MMLR be expanded to include integrated reporting.	
Timeframe	:	Others	Please specify number of years.

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	:	<p>Notice of the 19th annual general meeting (“AGM”) held on 30th November 2020 was given to shareholders on 30th October 2020.</p> <p>The notice for the forthcoming AGM to be held on 22nd December 2021, will be given to the shareholders on 29th October 2021, which is at least 28 days prior to the meeting.</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

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	:	At the 19th AGM of the Company held on 30 November 2020, all Board and Board Committees members, Senior Management and External Auditors were present at the general meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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	:	<p>The 19th AGM of the Company was held fully virtual on 30 November 2020. Shareholders were able to participate via Remote Participation and Voting (“RPV”) platform where registration and participation at the AGM was made using technology.</p> <p>The Chairman announced the results for each resolution, which include votes in favour and against and declared whether the resolutions were carried. The poll results were also announced by Bursa Malaysia via Bursa LINK on the same day for the benefit of all shareholders.</p> <p>Shareholders from all locations could participate via the RPV platform.</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	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
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.

Click here to enter text.

