CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	0101
COMPANY NAME	**:**	TMC Life Sciences Berhad
FINANCIAL YEAR	**:**	August 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	:	The Board takes full responsibility in leading, governing, guiding and monitoring the entire performance of the Company and enforces standards of accountability, all with a view to enabling Management to execute its responsibilities effectively. The Board assumes the following responsibilities in discharging its fiduciary and leadership functions: 1. Reviewing and adopting a strategic plan for the Company. 2. Overseeing the conduct of the Company's business to determine whether the business is being properly managed. 3. Identifying principal risks, setting of risk appetites, and ensuring the implementation of appropriate internal controls and mitigation measures. 4. Succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and programmes are in place to provide for the orderly succession of senior management. 5. Overseeing the development and implementation of Shareholder Communications Policy for the Company. 6. Reviewing the adequacy and the integrity of the Company's management information and internal control systems. Apart from the above, the Board has also delegated specific responsibilities to several Board Committees. While the Board Committees have the authority to examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the entire Board. The Board has adopted a schedule of matters specifically reserved for its approval which include, amongst others, reviewing and approving the following:

	a) Strategic/business plans and annual budget. b) Annual financial statements and the quarterly financial results prior to release to Bursa Malaysia Securities Berhad. The Board is kept abreast of the overall business activities of the Company through the updates from Management at the quarterly Board meetings and in between, on an ad-hoc basis whenever deemed necessary. Any unresolved matter at each meeting will be minuted as a matter arising which is to be followed-up and discussed at the next Board meeting.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

Practice 1.2
A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman assumes the formal role of leader and chairs all Board meetings, leads discussions among Directors and provides leadership to the Board in its oversight of management. Some of the specific responsibilities of the Chairman, among others, are to ensure:- 1. Smooth functioning of the Board, the governance structure and inculcating positive culture in the Board. 2. Guidelines and procedures are in place to govern the Board's operations and conduct. 3. All Directors are able to participate in the Board activities. 4. Avenues are provided for all Directors to participate openly in the discussion.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 1.3
The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	The position of the Chairman is held by Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir, whereas, the position of Group Chief Executive Officer ("Group CEO") is held by Ms. Wan Nadiah Binti Wan Mohd Abdullah Yaakob. The roles and responsibilities of the Chairman and Group CEO are distinctive and have been clearly segregated to further enhance and preserve a balance of authority and accountability to avoid unfettered powers of decision making. The Chairman is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board. The Group CEO will assist the Chairman in the effectiveness of implementation of the Board policies, making operational decisions and monitoring the day-to-day running of the businesses, including defining the limits of Management's responsibilities.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 1.4
The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	The two (2) Company Secretaries are qualified to act under Section 235(2) of the Companies Act 2016. The Company Secretaries are responsible for ensuring that the Board procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board or otherwise required for its efficient operation are in order. The Company Secretaries are also responsible to organise and attend all Board and Board Committees' meetings and ensure that the meetings are properly convened while proper records of the deliberations at the meetings and resolutions passed are maintained accordingly at the registered office of the Company. All Board members have unrestricted access to the advice and services of the Company Secretary in relation to the Board's affairs and the business. The Company Secretaries have ensured that the Board adhered to rules and procedures and advocated the adoption of corporate governance best practices by the Company.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 1.5
Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	The agenda and meeting papers are distributed at least seven (7) days in advance prior to the meetings to allow the Directors to have sufficient time to review and to request for any further information or clarification prior to the meetings, and to raise relevant issues during the meetings. Upon conclusion of the meetings, the draft minutes are circulated to the Board to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including the abstained of Director from voting or deliberating on a particular matter. Thereafter, the final minutes are confirmed and approved by the Chairman of the succeeding meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	A Board Charter has been adopted and periodically reviewed by the Board for updates on new and improved practices and governance standards. The Board Charter describes concisely the roles and responsibilities of the Board, Board Committees, individual Director and Management, as well as the issues and decisions reserved for the Board to facilitate the Board in discharging its fiduciary and leadership functions. The Board Charter can be viewed on the Company's corporate website at https://www.tmclife.com/corporate-governance-information/.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

Practice 3.1
The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

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

Application	:	Applied
Explanation on application of the practice	:	The Board has formalised Directors' Code of Conduct and Ethics ("Code") that is incorporated in the Board Charter, which sets out the standard of conduct expected of Directors, with the aim to cultivate good ethical conduct that permeates throughout the Group through transparency, integrity and accountability. This Code describes the standards of business conduct and ethical behaviour for Directors in the performance of their duties as Directors of the Company or when representing the Company. The code is available on the Company's website at https://www.tmclife.com/corporate-governance-information/.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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 Company is committed to maintain good corporate governance practices and ethical standards in the conduct of its businesses and operations. In achieving this, the Board has established and adopted a Whistleblowing Policy which provides an opportunity for all employees of TMC Life Sciences Berhad and its subsidiaries ("the Group"), and members of the public to disclose any improper conduct within the Group, and to provide protection for employees and members of the public who report such feedback, in an appropriate manner and without fear of retaliation. The Whistleblowing Policy provides details of the lodgement guidelines and is published on the Company's website at https://www.tmclife.com/corporate-governance-information/. The guidelines set out the procedures and the avenue where grievances or concerns pertaining to the conducts, affairs or practices of the Company can be raised in confidence and good faith.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 4.1
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	The Board consists of seven (7) members, comprising one (1) Non-Independent Non-Executive Chairman, two (2) Executive Directors, four (4) Independent Non-Executive Directors. The Board complies with Rule 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which stipulates that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are Independent Directors. The Board also complied with the recommendation under the Malaysian Code on Corporate Governance ("MCCG"), whereby half of the Board members of the Company comprising of Independent Directors.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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 - Two Tier Voting
Explanation on application of the practice	:	The Nominating Committee and the Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service but rather particular emphasis is placed on the role of independent directors to facilitate independent, unbiased and objective decision making in the Company. They have determined at the annual assessment carried out on Mr. Gary Ho Kuat Foong, who has served on the Board for a cumulative term of more than nine (9) years on 12 January 2020, remain objective and independent in expressing his views and in participating in deliberations and decision making of the Board and Board Committees. The length of his services on the Board does not in any ways interfere with his exercise of independent judgement and ability to act in the best interest of the Company. The Board has reviewed and recommended that Mr. Gary Ho Kuat Foong shall continue to act as an independent Non-Executive Director. Mr. Gary Ho Kuat Foong will be re-designated as Non-Independent Non-Executive Director on 12 January 2020. The Board will seek approval from the shareholders of the Company at the forthcoming Seventeenth (17th) Annual General Meeting to retain Mr. Gary Ho Kuat Foong as Independent Non-Executive Director.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe	:		

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

Practice 4.3 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The Nominating Committee is established to identify, assess and recommend new nominees to the Board and evaluate annually the performance of all Board members. It assists the Board in reviewing the required mix of expertise, skills, experience, qualifications and assesses the effectiveness of the Board as a whole and the contribution of each individual Director. The Nominating Committee evaluates and matches the criteria of the candidate, and will consider diversity, including gender, where appropriate, and recommends to the Board for appointment. Consideration will be given to those individuals possessing the identified skill, talent and experience. The appointment procedures and requirements are listed out in the Board Charter. Ms. Wan Nadiah Binti Wan Mohd Abdullah Yaakob, Dr. Lam Lee G, Dato' Sri Mohd Mokhtar Bin Mohd Shariff and Mr. Wilson Sam were appointed as Directors/Alternate Director of the Company on 25 January 2019 and 1 February 2019, respectively which the Board believes their credentials will contribute to the future growth of the Group.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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	:	The Board acknowledges the importance of boardroom diversity and the recommendation of the MCCG pertaining to the establishment of a gender diversity policy. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. The Company has two (2) female Directors on the Board and will consider appointing more female Directors in future.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 4.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	The Board takes cognisance of the recommendation of the MCCG to utilise a variety of approaches and sources to identify suitable candidates, which may include sourcing from a directors' registry, open advertisements or using the independent search firms. The Nominating Committee and the Board will ensure that the procedures for appointing new Directors are transparent and formal and the appointments are made on merits.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 Nominating Committee is chaired by Mr. Gary Ho Kuat Foong who is an Independent Non-Executive Director	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	A formal performance assessment of the Board, Board Committees and individual Director, including the independence of the Independent Director are conducted based on the guidance of the Corporate Governance Guide – 3rd Edition issued by Bursa Malaysia Berhad. Assessments of the Board, Board Committees and individual Director are conducted through peer evaluation internally using questionnaires. Based on the results of the assessment, the Board is satisfied that, the Board as a whole, the Board Committees and each individual Director have performed well and effectively. The overall composition of the Board in terms of size, the mix of skills, and experience was also balanced and appropriate. A scoring mechanism was used and each Board member was provided with his/her individual peer aggregate assessment and comments (if any), for personal information and further development. The Board was satisfied with the level of time commitment given by all the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings during the financial year ended 31 August 2019 as set out in the 2019 Annual Report. All Directors shall, prior to accepting new directorships in other companies, notify the Chairman of the Board and/or the Company Secretaries, and inform them the indication of time that will be spent on the new appointment to ensure that the Director would still have the time to focus and fulfil their roles and responsibilities effectively. The Directors are also required to submit a timely update on their other relevant directorships to the Company Secretaries, who will update the Board. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia accordingly, where required.

	None of the Directors have directorships in other public companies and listed issuers in Malaysia that exceeded the maximum limit of five (5) directorships.		
Explanation for departure :			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	Presently, the Company has a formalised remuneration policy for Directors and Senior Management for which they are remunerated based on their performance which will be discussed formally during Remuneration Committee Meetings and recommended to Board of Directors for approval annually. The Remuneration Policy and Procedures for Directors and Senior Management is available at our website https://www.tmclife.com/corporate-governance-information/	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 Remuneration Committee implements the policies and procedures on the remuneration of the Board and Senior Management and reviews and recommends matters relating to the remuneration of the Board and Senior Management. The Remuneration Committee also has written terms of reference which is available on the Company's website at https://www.tmclife.com/corporate-governance-information/. The said terms of reference deals with its authority and duties, among others, including: i. recommend to the Board, the remuneration packages of Executive Directors and Chief Executive Officer of the Group of Companies and the Group in all its forms, drawing from outside advice as necessary ii. remuneration packages of non-executive directors should be determined by the Board of Directors
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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 disclosure on named basis for the remuneration of individual Director and breakdown of individual Director's remuneration such as fees, salary, bonus, benefits in-kind and other emoluments is made in the Corporate Governance Overview Statement in the Annual Report 2019.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	The Board has considered this practice and is of the opinion that the disclosure of the top five (5) Senior Management's remuneration on a named basis would not be in the best interest of the Group due to confidentiality and security concerns as well as the competitive conditions for talent in the healthcare industry. The Key Management Personnel Compensation of the Group and the Company was disclosed in Note 26(b) of the Audited Financial Statement for the financial year ended 31 August 2019. The Board will ensure that the remuneration of the Key Senior Management commensurate with their duties and responsibilities, the performance of the Company and in par with the market payouts.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

Practice 7.3 - Step Up
Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome
There is an effective and independent Audit Committee.

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

Practice 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit and Risk Management Committee of the Company is Mr. Gary Ho Kuat Foong, whilst the Chairman of the Board is Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir. This has ensured the overall effectiveness and independence of the Audit Committee.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	In line with recommendation of the MCCG, the Terms of Reference of the Audit and Risk Management Committee has been revised in December 2018 to include the cooling off period of at least two (2) years before a former key audit partner could be appointed as Audit Committee member to safeguard the independence of the audit of the Company's financial statements. The Terms of Reference of the Audit and Risk Management Committee is available on the Company's website https://www.tmclife.com/corporate-governance-information/
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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	:	The Audit and Risk Management Committee applies the best practice of ensuring a full assessment to ensure the suitability, objectivity and independence of the external auditors. Based on the annual assessment conducted for the financial year ended 31 August 2019, the Audit and Risk Management Committee was satisfied with the performance and independence of the external auditors as well as the fulfilment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with. Messrs. Ernst & Young had also confirmed to the Audit and Risk Management Committee that they had been independent throughout the audit engagement in respect of the financial year under review.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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	:	The Audit and Risk Management Committee comprises the following members, who are all Independent Non-Executive Directors: (1) Mr. Gary Ho Kuat Foong (Chairman) (2) Ms. Claire Lee Suk Leng (3) Dr. Lam Lee G

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

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

Application	:	Applied
Explanation on application of the practice	:	The Chairman and members of the Audit and Risk Management Committee are financially literate and are able to understand matters under their purview including financial reporting process. They have vast experience in financial reporting, capable to assist the Board in reviewing and ensuring the Company's quarterly reports and annual audited financial statements are prepared in compliance with applicable financial reporting standards. Any inconsistencies in the financial and operational reports would be queried to ascertain that the quarterly reports and the annual audited financial statements taken as a whole provide a true and fair view of the Company's financial position and performance. The Board is satisfied with the overall performance of the Audit and Risk Management Committee members in discharging their responsibilities in accordance with its Terms of Reference. The Audit and Risk Management Committee members have devoted sufficient time in updating their knowledge and enhancing their skills through continuing education programmes. They have attended various training programmes during the financial year ended 31 August 2019 to keep themselves abreast of the latest industry developments, financial reporting standards and business practices. The list of the training programmes attended by the members of the Audit and Risk Management Committee is disclosed in page 69 of the Annual Report 2019.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

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

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

Practice 9.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board acknowledges its overall responsibility for continuous maintenance of a sound risk management framework and effective system of internal control. The Board has the overall responsibility in reviewing and monitoring the Group's risk management and internal control system which provides reasonable assurance of an effective and efficient operation, compliance with laws and regulations and to safeguard shareholders' investment and the Group's assets. The Board has established a Group-wide Strategic Enterprise Risk Management ("ERM") framework leveraging on the best practices of existing frameworks within the Group and has been updating the risk profiles annually. Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control, which is on page 77 to page 79 of the Company's Annual Report 2019.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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

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

Practice 9.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The Group continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. Details of the Group's risk management and internal control system are set out in the Statement on Risk Management and Internal Control of the Annual Report 2019.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 Board outsourced the internal audit function to Deloitte Risk Advisory Sdn. Bhd. The Internal Audit function reports directly to the Audit and Risk Management Committee on the adequacy and effectiveness of the system of internal controls. The Audit and Risk Management Committee reviewed the Internal Audit Report presented by Deloitte Risk Advisory Sdn. Bhd. during the Audit and Risk Management Committee meeting. Annually, the Audit and Risk Management Committee also reviews and approves, where applicable, the annual internal audit plan. In this respect, the Audit and Risk Management Committee also assessed the level of independent of internal audit function to ensure the overall effectiveness and independence of the internal audit function.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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	:	The internal audit function is outsourced to an independent professional firm, Deloitte Risk Advisory Sdn. Bhd. ("Deloitte") and reports directly to the Audit Committee. The number of staff deployed for the internal audit reviews ranges from two (2) to three (3) staffs per visit. The staff involved in the internal audit reviews possess professional qualifications and/or a university degree. Certain staffs are members of the Institute of Internal Auditors Malaysia. The internal audit lead is Ms. Cheryl Khor, a chartered accountant with vast experiences in the areas of financial and operational audits covering internal audits, quality assurance reviews, business process reviews, risk management and corporate governance reviews for public listed companies. The internal audit reviews were conducted using a guide under the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors Inc. which contains the international standards for internal auditing. Appropriate audit procedures will be included to ensure adequate coverage of the areas to be audited and risks are addressed. The Audit and Risk Management Committee also received assurance from the outsourced Internal Audit Function that all assigned Internal Audit engagement team personnel remain independent, objective and free from any relationships or conflicts of interest in carrying out their Internal Audit duties throughout the engagement.

Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

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

Practice 11.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate developments and ensures that the Company's communication with them is informative and timely. The Company maintains a website at www.tmclife.com to facilitate access to pertinent information concerning the Group and its operations, by the shareholders, consumers and general public. Announcements, news and all relevant updates are posted on the Company's website regularly. Another key avenue of communication with its shareholders is the Company's Annual General Meeting, which serves as the principal forum for dialogue with shareholders where they may raise questions or seek clarifications on the Company's business and reports from the Company's Directors.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
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 is not categorised as "Large Company" under the Malaysian Code on Corporate Governance and hence, has not adopted integrated reporting based on a globally recognised framework. Nonetheless, the Company will consider to adopt integrated reporting in the future. In addition, the current Annual Report of the Company constitutes an integrated report where it laid out comprehensive information on the management discussion and analysis of the operations, corporate governance, sustainability and financial results.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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") together with the Company's Annual Report 2019 will be dispatched to the shareholders on 27 December 2019, which is more than 28 days' notice from the Company's AGM on 20 February 2020. The Notice of AGM also provides detailed explanation for the resolutions proposed along with any background information and reports or recommendations that are relevant, where required and necessary, to enable shareholders to make informed decisions when exercising their voting rights.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
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 attended the Annual General Meeting held in 2019. The Board Chairman, the Board Committees' Chairman, the Group CEO and the external auditors were also in attendance to answer questions from shareholders on the audited financial statements, operation issues and the group's businesses.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

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

Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Prior to implementing the voting in absentia and remote shareholders' participation at general meeting(s), the Board noted several factors/ conditions need to be fulfilled prior to making such consideration:- • Relevant amendments to the Articles of Association/ Constitution of the Company to outline the procedures for enabling such Voting/ Participation; • Availability of technology and infrastructure; • Affordability of the technology and infrastructure; • Sufficient number of shareholders residing/locating at particular remote location(s); and • Age profile of the shareholders. Shareholders are encouraged to attend general meetings. Shareholders who have questions and queries are welcome to submit questions or engage with Management separately. Management will endeavour to respond within a reasonable time. Shareholders are allowed to appoint any person as their proxies to attend, participate, speak and vote in his stead at a general meeting. The Company held its Annual General Meeting ("AGM") in 2019 at Ballroom 1, Level 1, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan which is easily accessible to its shareholders.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	

Timeframe :		

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

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

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