

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0145
COMPANY NAME : TFP SOLUTIONS BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Rule 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 Rule 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 full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources. It focuses on financial performance and crucial business issues, like principal risks and their management, succession planning for senior management, investor relations programme and shareholders communication policy, systems for internal control and compliance with laws and regulations.</p> <p>To ensure the effective discharge of its function and duties, the principal responsibilities of the Board include the following:-</p> <p>(a) <u>Review and adopt strategic business plans for the Company</u></p> <p>The Board contributes to the development of the Group's strategic planning and directions and subsequently monitoring the implementation of the strategic business plan by Management.</p> <p>The Group has in place an annual business strategy planning and business target session. The Management and business unit heads will present to the Board its recommended strategy, together with proposed business plans, including new products and introduction of new market penetration, if any, for review and approval.</p> <p>The Board will deliberate and suggest Management to take into consideration the varying opportunities and risks whilst developing the strategic business plan. Ultimately to ensure optimised returns for the Company and the Group.</p>

	<p>(b) <u>Oversee the conduct of the Company's business</u></p> <p>The Management which is lead by the Key Senior Management are responsible, with the support of the Board, for the day-to-day management of the business and operations of the Group.</p> <p>The Board monitors the performance of Management on a regular basis via insertion of the agenda items in the scheduled Board meetings:-</p> <ul style="list-style-type: none"> - To review the Group's performance for the quarterly financial results; and - To be aware of the updates and progress of key initiatives, business targets and achievements to-date. <p>The Key Senior Management would also inform and provide clarification on the challenges and issues faced by Management and business units.</p> <p>(c) <u>Identify the principal risks and implement appropriate internal controls and mitigation measures</u></p> <p>The Board is ultimately responsible for the Group's system of internal control and risk management, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.</p> <p>Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.</p> <p>The Audit Committee reviews the action plan implemented by the Company and makes relevant recommendations to the Board to manage risks. Further explanations on such processes are disclosed in the Statement on Risk Management and Internal Control on pages 26 to 27 of this Annual Report.</p> <p>(d) <u>Succession planning</u></p> <p>The Board views succession planning as important for business continuity. It is acknowledged that with succession planning, the key job vacancies created due to retirement and resignation would be filled quickly and without any business interruption. Succession planning includes the appointment of, training for, fixing the compensation of and where appropriate, replacement of senior management.</p>
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	<p>Management has in place, an informal structure and practice to ensure key roles within the Group are supported by competent and calibre second-in-line to reduce the impact of abrupt departure of key personnel to the minimum possible. There is a formal organisation structure for the Group with delineated lines of authority, responsibility and accountability. It fosters and promotes the continual development of key employees and ensures that key positions maintain some measure of continuity, thus enabling the Group to achieve business objectives. The succession planning of the Group is enhanced by the policies and standard operating procedures as well as job descriptions established for key business processes within the Group.</p> <p>(e) <u>Oversee the development and implement a shareholders communication policy for the company</u></p> <p>The Board communicates with shareholders at shareholders' meetings and through the distribution of its annual reports. The Chairman normally chairs these meetings where he will use this as an opportunity to inform shareholders of the Company's affairs including its performance.</p> <p>The Board strives to provide shareholders and investors accurate, useful and timely information about Company's businesses and activities via timely release and updates on the Company's corporate website of quarterly financial results, press releases and announcements (if any). In addition, shareholders and investors can make inquiries and get information about investor relations matters via the e-mail address available on the Company's corporate website.</p> <p>(f) <u>Review the adequacy and integrity of the Group's internal control systems and management information systems</u></p> <p>The Board and Management continuously take measures to strengthen the control environment and to improve our system of internal control. The Group has outsourced its internal audit function to a professional services firm to provide the Audit Committee and the Board with the assurance they require pertaining to the adequacy and effectiveness of internal control systems.</p> <p>Details pertaining to the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control in this Annual Report.</p> <p>The Board has delegated some of its duties and responsibility to various committees within the Board. Currently the Board has established four (4) Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee, and Risk Management Committee to assist the Board in the deliberation of issues within their respective functions and terms of reference. The Board receives regular reports on the respective Committees'</p>
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	<p>proceedings and deliberations. On matters reserved for the Board and where the Committees have no authority to make decisions, recommendations are highlighted in their respective reports for the Board's deliberation and endorsement.</p> <p>The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Additional meeting will be convened when the needs arise.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	: Applied
Explanation on application of the practice	<p>Datuk Seri Syed Ali bin Abbas Alhabshee is the Non-Independent Non-Executive Chairman of the Company. The Chairman of the Board is primarily responsible for the orderly conduct and working of the Board while the Executive Director has an overall responsibility in the implementation of the Board's policies and decisions as well as some of the Group's day-to-day operations.</p> <p>The roles and responsibilities of the Chairman are set out in the Board Charter of the Company includes:</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 Management 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.• Ensure the Company provides an orientation and education program for new directors.• Initiating, normally in conjunction with the Management, 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>A copy of the Board Charter of the Company which available in the Company's website at www.tfp.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

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and Executive Director of the Company are held by two (2) different individuals. Datuk Seri Syed Ali bin Abbas Alhabshee is the Non-Independent Non-Executive Chairman of the Board while Mr Chandran John Kasilingam is the Executive Director of the Company.</p> <p>The roles of Chairman and Executive Director are segregated and defined by their individual position descriptions. The roles of the Chairman and Executive Director are defined in the Board Charter which available on Company's website at www.tfp.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

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 Board is supported by qualified and experienced Company Secretary who facilitate overall compliance with the Ace Market Listing Requirements of Bursa Securities and other relevant laws and regulations.</p> <p>The appointed Company Secretary of the Company is qualified to act as company secretary under Section 235 of the Companies Act, 2016.</p> <p>The appointed Company Secretary, is the member of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and possesses sufficient knowledge and experience to carry out his duty.</p> <p>Company Secretary attended all Board and Board Committees meetings and ensure that the meeting is properly convened, accurate and proper records of the proceedings are taken and maintained.</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>Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the board paper and seek for any clarification as and when they may need advice or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.</p> <p>The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is 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 Charter was approved by the Board on 17 May 2013 which is available in the Company's website at www.tfp.com.my.</p> <p>The Board recognises the importance to set out the key values and principles of the Company, as policies and strategy development are based on these considerations.</p> <p>The Board Charter includes the division of responsibilities and powers between the Board and Management as well as the different Committees established by the Board.</p> <p>The Board Charter will be reviewed by the Board as and when required.</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 Code of Conduct was posted on the Company's website. The Board recognises the importance to promote and reinforce ethical standards throughout the Group.</p> <p>The Company will continuously support, promote and ensure compliance to the Code of Conduct. The Code of Conduct will not only apply to the employees of the Group, but it also applies to all the Directors of the Group.</p> <p>The Code of Conduct of the Company is available at the Company's website at www.tfp.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 Group has in place a procedures and policies on whistleblowing. The Whistle-Blowing Policy of the Company is in place with the objective to facilitate the stakeholders of the Group to report genuine concerns or allegations to a senior or independent member of the management of the Group about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group. The policy is designed to provide protection to those who makes the allegation or reports the misconduct.
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	:	Applied	
Explanation on application of the practice	:	<p>The Board comprises of six (6) Directors currently, as designated below:-</p> <ul style="list-style-type: none"> a. One (1) Non-Independent Non-Executive Chairman b. One (1) Executive Director c. Three (3) Independent Non-Executive Directors d. One (1) Non-Independent Non-Executive Director <p>Although all Directors have an equal responsibility for the Group's operations, the Company also views the role of Independence Non-Executive Director is particularly importance in ensuring that the strategies proposed by the Management are fully discussed and examined independently and objectively.</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 4.2

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	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 of Directors comprise of a collective of individuals having an extensive complementary knowledge and competencies, as well as expertise to make an active, informed and positive contribution to the management of the Group in terms of the business' strategic direction and development. The appointment of the Board and its Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>The Nomination Committee ("NC") will assess the suitability of the candidates before formally considering and recommending them for appointment to the Board or senior management. In proposing its recommendation, the NC will consider and evaluate the candidates' required skills, knowledge, expertise, competence, experience, characteristics, professionalism. For appointment of Independent Directors, considerations will also be given on whether the candidates meet the requirements for independence as defined in AMLR of Bursa Securities and time commitment expected from them to attend to matters of the Company in general, including attending meetings of the Board, Board Committees and Annual General 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

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>The Board affirms its commitment to Boardroom diversity as a truly diversified Board can enhance the Board's creativity. However, the Board has not set gender diversity target as of the reporting period.</p> <p>The Group is an equal opportunity employer which all appointments and employments are based on merit, having regard to those competencies, expertise, skills, background and other qualities identified from time to time by the Board as being important.</p> <p>Currently, the Board comprise of one (1) female Director. The Board will continue consider the appointment of additional women Director when there are suitable candidates.</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	:	<p>The Board appoints the members through a formal and transparent selection process which various criteria's such as age, skills, experiences, expertise and etc are taking into considerations.</p> <p>New candidates will be considered and evaluated by the Nomination Committee before recommending to the Board for the appointment. Generally, the Board adopts a flexible approach when selecting and appointing new Directors onto the Board.</p> <p>To have a right blend on the diversity, the Nomination Committee will not solely rely on the recommendations from the existing Board members or management but also consider the use of independent search firms.</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 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Currently, the Nomination Committee is chaired by an Independence Non-Executive Director, Encik Noor Shahwan Bin Saffwan.</p> <p>The current Nomination Committee of the Company comprises of four (4) members which three (3) of the members including the committee Chairman are Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to 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 Nomination Committee will review the effectiveness, composition and balance of the Board annually. The Nomination Committee will also conduct an assessment on the effectiveness of the Board and Board Committees. Additionally, an assessment on the contribution and performance of each of the Director was also conducted by the Nomination Committee on every year.</p> <p>All the assessments and evaluations carried out by the Nomination Committee are properly documented by the Company Secretary in the office.</p> <p>The Chairman of the Board oversees the overall evaluation process and responses are analysed by the Nomination Committee and discussed during the Nomination Committee Meeting before being tabled and discussed at the Board 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

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 Remuneration Committee was established on 11 January 2008 and is responsible to recommend the remuneration packages for Executive Directors after taking into consideration the individual performance, seniority, experience and scope of responsibility that is sufficient to attract and retain the Directors need to run the Company successfully.</p> <p>The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned.</p> <p>The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.</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	:	<p>The Company has adopted a Term of Reference for Remuneration Committee which clearly stated the following:-</p> <ul style="list-style-type: none"> a. Objectives b. Composition of Members c. Quorum d. Authority of the Remuneration Committee e. Duties and responsibilities <p>The Remuneration Committee currently comprises of three (3) members which all of them are Independent Non-Executive Directors with the objective of assist the Board in assessing the remuneration packages of the Executive Director.</p> <p>The Term of Reference of the Remuneration Committee is available at the Company's website at www.tfp.com.my.</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

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The details of remuneration of Directors who served during the financial year ended 31 December 2017 are disclosed in the Page 25 of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The disclosure of senior management personnel's names and various remuneration components (salary, bonus, benefits in-kind, and other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.</p> <p>The Board is of the view that such disclosure would have adverse effect on the Company's talent retention in the highly competitive industry. The disclosure of Key Management's (as defined therein) remuneration has been made in note 21 of the financial statements for year ended 31 December 2017.</p> <p>The Board ensures that the remuneration of senior management is commensurate with the performance of the Company, with due consideration to attract, retain and motivate senior management to lead and run the Company successfully.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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 Encik Noor Shahwan Bin Saffwan who is not the Chairman of the Board.	
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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board took note on Practice 7.2 of the MCCG 2017 to have 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 and would consider adopting such recommendation in due course.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a transparent relationship with the External Auditors through the Audit Committee. The Audit Committee meet with the External Auditors without the presence of the Executive Board Members and management at least twice per year regarding the relevant audit and accounting issues to ensure that the independence and objectivity of the External Auditors are not compromised.</p> <p>The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2017.</p> <p>Audit Committee has also undertaken an annual assessment of the suitability and independence of the External Auditors and recommend the re-appointment of External Auditors to the Board to sought for shareholders approval during the forthcoming Annual General 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

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 :	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 8.5

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's Terms of Reference has clearly stated the majority of Audit Committee members shall be Independent Directors. All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be :-</p> <ul style="list-style-type: none">a. A member of the Malaysian Institute of Accountant ("MIA"); orb. If he is not a member of MIA, he must have at least three (3) years of working experience and:<ul style="list-style-type: none">i. He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; orii. He must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; orc. Fulfils such other requirements as prescribed or approved by Bursa Securities. <p>All Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process. The qualification and experience of each of the Audit Committee members are disclosed in the Profile of Board of Directors in the Annual Report.</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	:		
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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 is ultimately responsible for the Group's system of internal control and risk management, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it could only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control and risk management covers, inter alia, financial, organisational, operational and compliance controls.</p> <p>The Board is of the view that the system of internal controls and risk management in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.</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 places significant emphasis on maintaining a sound system of internal control as well as risk management in order to safeguard shareholders' investments and the Group's assets.</p> <p>The Board continually reviews the adequacy and effectiveness of the internal control system to ensure it meets the Group's particular needs and to manage the risks to which it is exposed.</p> <p>The Statement on Risk Management and Internal Control set out on pages 29 to 31 of the Company's Annual Report provides an overview of the state of risk management and internal controls within 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 9.3 - 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	:	<p>The Company has appointed an Internal Auditors to report to Audit Committee and assists Audit Committee in reviewing the effectiveness of the internal control systems.</p> <p>The Audit Committee also oversight the Internal Auditors and Internal Audit Functions via the following methods:-</p> <ol style="list-style-type: none"> a. Review the Statement on Risk Management and Internal Control and Audit Committee Report for inclusion in the Annual Report prior submit to the Board for approval b. Review the Audit Planning for year 2017 tabled by the Internal Auditors c. Meet with the Internal Auditors quarterly d. Discussed the internal audit reports prepared by the Internal Auditors and ensure that appropriate corrective actions are taken by the management e. Review the adequacy and performance of the internal audit function and its comprehensive coverage of the Group's activities f. Reviewed and assessed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors and that they have the necessary authority to carry out their work
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 Group has appointed an external Internal Audit Firm, namely SF Chang & Co to carry out the internal audit function of the Group. The external Internal Auditors reports to the Audit Committee and assist Audit Committee in reviewing the effectiveness of the internal control systems of the Company.</p> <p>The Internal Audit function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (“IIA”). The Internal Audit team is made up of 3 personnel headed by Mr Chang Siew Foong, a qualified professional and they are free from any relationships or conflicts of interest which could impair their objectivity and independence.</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 is mindful on the importance of maintaining proper corporate disclosure procedures with the aim to provide shareholders and investors with comprehensive, accurate and quality information on a timely basis.</p> <p>In line with best practices, the Board strives to disclose price sensitive information to the public as soon as practicable through Bursa Securities and the Group's website at www.tfp.com.my.</p> <p>The Company maintains various methods of dissemination of information which is important to shareholders, stakeholders and the public at large through timely announcement of events, quarterly announcement of financial results and product information on the Company's website. The Company has also make sure all the information updated in timely manner in the Company's website including profile of Directors and any information on the Group's products and services.</p> <p>The Company has also provided shareholders a way of face-to-face communications during the Annual General Meeting. Shareholders are encouraging to participate in the open questions and answering session during the Annual General 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

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	:	Not applicable as the Company is not a Large Company as defined by the MCCG.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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>The notice of the Eleventh Annual General Meeting to be held on 25 June 2018 is given to the shareholders at least 28 days prior to the meeting.</p> <p>The additional time given to the shareholders allows them to make the necessary arrangements to attend and participate in person or through their corporate representatives and/or proxies. It also enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general 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	:	All Board and Board Committee members are present at the Annual General Meetings to respond to any shareholders' queries during the 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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges that AGM is the primary and effective channel of communication between the shareholders and the Company. It is an avenue for shareholders to voice out their opinions and concerns over issues relating to business and affairs of the company and to question the Board. It also provides the Board with an opportunity to explain and justify corporate decisions made during the financial year.</p> <p>The conduct of the Company's AGM inclusive of voting process are governed by the Company's Articles of Association, the relevant provision of the Companies Act 2016 and the Main Market Listing Requirements. Basing on the number of shareholders, the Board of the opinion that conducting AGM at one (1) venue which is normally at a place nearby to the Company's registered office is of the best interest of the Company. Any effort to leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meetings will definitely incur unnecessary additional cost to the Company.</p> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

**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.

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