

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 2429  
**COMPANY NAME** : TANCO HOLDINGS BERHAD  
**FINANCIAL YEAR** : June 30, 2022

## 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 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.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board's principal activities amongst others include setting out strategic plans and policies and overseeing the investments and businesses of the Group. In fulfilling its fiduciary duties, the Board ensures that there are appropriate systems and procedures in place to identify the Company's significant risks and implementation of appropriate internal controls and mitigation measures to manage these risks. Key matters such as approval of annual and interim results, major acquisitions and disposals, major agreements as well as review of the adequacy and integrity of the internal controls system and risk management strategies of the Company are reserved for the Board. The Group has in place financial authorisation limit for matters such as operating and capital expenditure and Standard Operating Procedures ("SOPs") to improve efficiency and productivity among all departments within the Group.</p> <p>The Board has delegated the day-to-day affairs of the Group's business to the Group Managing Director ("GMD") of the Company. The GMD, supported by the Executive Directors, will focus on the business and leads the Senior Management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group. The GMD may delegate appropriate functions to any member of the Senior Management reporting to the Executive Directors.</p> <p>The Board has established a Board Charter which provides reference for Directors in relation to the Boards' roles, powers, duties and functions. The Board Charter also outlines the processes and procedures to ensure the Board's and Board Committees' effectiveness and efficiency. The Board Charter is available on the Company's website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a>.</p>

	<p>Apart from the aforesaid principal roles and responsibilities of the Board, the Board also delegates certain responsibilities to the following Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities:-</p> <p>(a) Audit and Risk Management Committee;  (b) Nomination Committee; and  (c) Remuneration Committee.</p> <p>While the Board Committees have their own functions and delegated roles, duties and responsibilities, they will report to the Board with their decisions and/or recommendations. Hence, the ultimate responsibility and decision on all matters lies with the Board.</p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Company, Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse is an Independent Non-Executive Director of the Company.</p> <p>The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board.</p> <p>As provided under the Company's Board Charter, the Chairman will:</p> <ul style="list-style-type: none"><li>• monitor the workings of the Board, especially the conduct of Board meetings;</li><li>• ensure that all relevant issues for the effective running of the Company's business are on the agenda;</li><li>• ensure that quality information to facilitate decision-making is delivered to board members on a timely basis;</li><li>• encourage all Directors to play an active role in board activities; and</li><li>• managing the interface between the Board and Management.</li></ul> <p>During Board Meetings, the Chairman leads the discussion, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed.</p> <p>The Chairman also plays a key role in the conduct of the general meetings. Besides ensuring the proper flow of resolutions tabled at the meeting, he manages the communication on the floor. He further encourages active participation from shareholders and allows sufficient amount of time during the questions and answers session.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse as the Independent Non-Executive Chairman and Dato' Sri Andrew Tan Jun Suan as the Group Managing Director ("GMD").</p> <p>There is a clear separation between the Chairman's role and the GMD to ensure a division of responsibilities and a balance of control, power and authority.</p> <p>The Chairman leads and manages the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference, to ensure its own effectiveness, while the GMD manages the businesses and operations of the Group and implements and develops the Board's decisions, policies and strategies.</p> <p>The distinct and separation roles and responsibilities of the Chairman and GMD are clearly stated in the Board Charter which is available on the Company's website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board, Dato' Dr. Mohd. Aminuddin Bin Mohd. Rouse is not a member of the Audit and Risk Management Committee, the Nomination Committee Meeting or the Remuneration Committee.  During the financial year under review, the Chairman has not been invited to attend in any or all of these committees' meetings.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a suitably qualified, experienced and competent Company Secretary who is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators and is also qualified under the Companies Act 2016.</p> <p>The Company Secretary advises the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group. The Company Secretary attends Board and Board Committees meetings and is responsible for ensuring the meeting procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also ensures that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company.</p> <p>The Company Secretary has been continuously attending the necessary training programmes, conferences, seminars, briefings and/or forums so as to keep herself abreast with the current regulatory changes in laws and regulatory requirements that are relevant to her profession and enabling her to provide the necessary advisory role to the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

### Practice 1.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Regular Board and Board Committee meetings are scheduled throughout the year to enable the Directors to plan ahead and fit the meetings into their own schedules. To assist the Directors in planning their attendance, the Company Secretary consults every Directors before fixing the dates of these meetings.</p> <p>In order to discharge their responsibilities effectively, the Board meet regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.</p> <p>The Notice of Meetings together with the relevant Board Papers compiled by the Company Secretary shall be circulated to all the Directors electronically at least five (5) working days in advance before the meeting is held, except in the case of an emergency, where reasonable time would suffice.</p> <p>To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions. The Board reviews and deliberates on the Group's financial performance and results, business operations, reports of the various Board Committees, corporate exercises and strategic financials and investments decisions.</p> <p>All issues discussed, decisions and conclusions and whether any Director abstained from voting or deliberating on a particular matter at the Board/Board Committee Meeting with required actions to be taken by responsible parties are documented in the minutes by the Company Secretary.</p>

	Minutes of the Meetings are circulated to all Board members in a timely manner and signed by the Chairman of the Board/Board Committees as a correct record of the proceedings of the meeting based on confirmation from all the Board/Board Committee members.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter and Terms of References (“TORs”) for Board Committees which set out the principal functions, composition, roles and responsibilities of the Board of Directors of the Group and also the functions and responsibilities delegated to the Board Committees as well as to the Management of the Company and its Group.</p> <p>The objectives of the Board Charter and TORs are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.</p> <p>The Board Charter and TORs are periodically reviewed and updated in tandem with changes in regulations and best practices that may have impact on the discharge of the Board’s responsibilities.</p> <p>The latest Board Charter and TORs are available on the Company’s website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Code of Ethics and Conduct for its Directors which is incorporated in the Board Charter, to enhance the standard of corporate governance and promote ethical conduct of the Directors and the same is adhered to at all times.</p> <p>The Group has also established and adopted a Group Code of Conduct and Business Ethics to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation.</p> <p>Both the aforesaid Codes are available on the Company's website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has in place a Whistleblowing Policy which serves as an internal disclosing channel in relation to whistleblowing at work place to enable employees to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct at the workplace on a confidential basis.</p> <p>Employees also have free access to the GMD of the Company and may raise concerns of non-compliance to him.</p> <p>The Whistleblowing Policy, underlining its protection and reporting channels, is available on the Company's website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Sustainability is an independent item listed in the agenda for discussion and reviews during the relevant Board Meetings when the Management updates the Board on the progress of the Group’s business plans and activities. .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The goals/ priorities on sustainability such as gender equality, female empowerment, staff knowledge enrichment, zero tolerance on racism and religious extremism, compliance with the laws, energy saving, waste management and recycling, and community service are communicated to all employees and are already ingrained as operational processes/ daily routines. Notwithstanding this, the Board will continue to guide the Company to expand its sustainability aspects progressively.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board members attend trainings to stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	During the financial year under review, the assessment of the Board has included the performance of the Board in addressing the Company's material sustainability risks and opportunities. However, the performance evaluations of Senior Management of the Group did not cover sustainability performance evaluation.	
		Once the Company has set the sustainability targets as well as measure the performance against these targets, the sustainability assessment of each Senior Management will be included as part of their Key Performance Indicators ("KPI").	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has appointed Mr. Koay Ghee Teong as the Chief Sustainability Officer of the Company for the financial year ended 30 June 2022 to manage the sustainability matters in relation to economic, environmental and social risks and opportunities (“ESS”) and the delivery of these ESS objectives for the Group.

**Intended Outcome**

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

**Practice 5.1**

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director’s performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the NC performs an annual review of the Board’s size and composition to ascertain it is appropriate for the scope and nature of the Group’s business and operations and for facilitating effective discussions and decision making.</p> <p>The Board also through the NC conducted an annual review and assessment of the tenure of each Director and the performance of all the Directors who are subject to retirement at the forthcoming Annual General Meeting (“AGM”) in accordance with the provisions of the Constitution of the Company and the relevant provisions of the Companies Act 2016 and has made recommendations to the Board for their re-election to be tabled for shareholders’ approval at the forthcoming 63<sup>rd</sup> AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board currently has eight (8) members comprising four (4) Executive Directors and four (4) Independent Non-Executive Directors (including the Chairman).  The present composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which require at least two (2) directors or one-third (1/3) of the Board, whichever is higher, are independent directors as well as meeting the prescribed Practice 5.2 of the Malaysian Code on Corporate Governance 2021 (“MCCG”) of having at least half (50%) of the Board members comprises independent directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At present, there is no fixed limit to the terms for its Independent Non-Executive to remain as Independent Directors on the Board as the Board believes the tenure period will not interfere with the exercise of independent judgement and the ability to act in the best interests of the Company. The Board also recognises that Independent Directors may over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. Nonetheless, an annual shareholders' approval will be sought for the retention of Independent Directors who has served the Board for more than nine (9) years through a two-tier voting.</p> <p>Presently, there are two (2) Independent Directors on the Board who have served the Company for a cumulative term of more than nine (9) years since their appointment as Independent Directors, namely, Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Mr. James Wong Kwong Yew.</p> <p>The Nomination Committee and Board have duly assessed the independence of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Mr. James Wong Kwong Yew and recommended them to be retained as Independent Directors based on the following justifications as well as contributions from them, as members of the Board and/or members of the respective Board Committees:</p> <ul style="list-style-type: none"><li>(i) They have fulfilled the criteria under the definition on Independent Director in the MMLR of Bursa Securities;</li><li>(ii) They are able to bring independent and objective judgment to the Board;</li><li>(iii) They have been with the Company for more than nine (9) years and therefore understand the Company's business operations which enable them to participate actively and contribute positively during deliberations or discussions at Board Meetings;</li></ul>

	<p>(iv) They have devoted sufficient time to discharge their statutory duties and fiduciary responsibilities; and</p> <p>(v) They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.</p> <p>In view of the above, the Company will seek the shareholders' approval through a two-tier voting process at the forthcoming 63<sup>rd</sup> AGM on the retention of Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse and Mr. James Wong Kwong Yew to continue to act as the Independent Non-Executive Directors of the Company.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

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

## Intended Outcome

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

## Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.</p> <p>The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.</p> <p>The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.</p> <p>The Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.</p> <p>The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a work place environment free of harassment and discrimination on the basis of gender, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.</p> <p>The Board via the NC recommends the candidates for appointment on the Board based on candidates' merits, skills, knowledge, expertise and experiences, professionalism, integrity and time commitment to ensure that the candidates would be able to contribute to the effectiveness of the Board and in the case of candidates for the position of Independent Non-Executive Director, to evaluate the candidates' ability to discharge</p>



	such responsibilities/ functions as expected from the Independent Non-Executive Directors.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board delegates to the NC the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits. The process for the appointment of a new Director is summarised in the sequence as follows:-</p> <ol style="list-style-type: none"><li>1. The candidate identified upon the recommendation by the existing Directors, management, major shareholders, independent search firms and/or other independent sources;</li><li>2. In evaluating the suitability of candidates for appointment to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence;</li><li>3. Recommendation shall then be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and</li><li>4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.</li></ol> <p>The NC would consider candidates proposed by the existing board members, management, or major shareholders. In the event that suitable candidates cannot be found through these means, the Board may consider using independent sources including professional association and independent recruitment agency to identify suitably qualified candidates.</p>

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

## Intended Outcome

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

## Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To assist shareholders in making an informed decision on the appointment and/or reappointment of directors at the forthcoming 63<sup>rd</sup> AGM, the Board discloses the relevant information in the profile of the retiring Directors showing their age, gender, directorships, work experience, and any conflict of interest and their shareholdings in the Company (if any).</p> <p>The Board through the NC conducted an assessment of the Directors who are subject to retirement at the forthcoming 63<sup>rd</sup> AGM and being satisfied with the performance and contribution of the retiring Directors, recommended the same for shareholders' approval at the forthcoming 63<sup>rd</sup> AGM.</p> <p>Further details on the re-election of Directors are set out in the explanatory notes accompanying the Notice of the 63<sup>rd</sup> AGM and Corporate Governance Overview Statement of the Annual Report 2022 of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Datuk Rashidi bin Hasbullah, an Independent Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Currently, the Board has two (2) women Directors namely, Dato' Martini binti Osman and Ms. Chew Shen Hoay, representing 25% of the total Board members.	
		The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Gender Diversity Policy and disclosed in the Annual Report of the Company.</p> <p>A copy of the Gender Diversity Policy is available on the Company's website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The NC has a formal assessment mechanism in place to assess on an annual basis, the effectiveness of the Board Committees, the Board as a whole and the contribution of each individual Director, including the independence of the Independent Non-Executive Directors.</p> <p>The annual assessment criteria is based on the customised sets of questionnaires which are prepared in line with the best practices of the MCCG taking into account the mix of skills, expertise, experience, composition, performance and contributions and size of the Board as a whole and of each individual Director.</p> <p>The results of the assessments are compiled by the Company Secretary and will be tabled in the form of a summary by the Nomination Committee Chairman to the Board for the Board's review and deliberation. The results of the assessments also form the basis of the Nomination Committee's recommendation to the Board for the re-election of Directors at the AGM.</p> <p>The Nomination Committee has also conducted the annual review of the terms of office and performance of the Audit and Risk Management Committee and each of the members to ensure that they have carried out their duties and function in accordance with the Terms of References.</p> <p>The assessments and evaluations carried out by the NC in the discharge of its function are properly documented.</p> <p>The Board has reviewed the current evaluation processes and is of the opinion that they are adequate in providing an objective annual assessment of the effectiveness of the Board, Board Committees and each individual Directors.</p>



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

### Intended Outcome

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

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

### Practice 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has in place a Remuneration Policy and Procedures to determine the remuneration of its Director and Senior Management. The details are as set out in the said policy and is available on the Company's website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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 7.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Terms of References of Remuneration Committee which set out the policies and procedures to determine the remuneration of the Board and Senior Management is available on the Company's website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Detailed disclosure on named basis for the remuneration of individual directors for the financial year ended 30 June 2022 are set out in the table of this report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse	Independent Director	60.000	7.000	-	-	-	-	67.000	60.000	7.000	-	-	-	-	67.000
2	Datuk Rashidi bin Hasbullah	Independent Director	36.000	9.500	-	-	-	-	45.500	36.000	9.500	-	-	-	-	45.500
3	James Wong Kwong Yew	Independent Director	36.000	9.500	-	-	7.200	-	52.700	36.000	9.500	-	-	7.200	-	52.700
4	Dato' Martini binti Osman (Appointed on 17.12.2021)	Independent Director	19.452 <i>(subject to shareholders' approval at the forthcoming 63<sup>rd</sup> AGM)</i>	4.000	-	-	-	-	23.452	19.452	4.000	-	-	-	-	23.452
5	Dato' Sri Andrew Tan Jun Suan	Executive Director	-	-	-	-	-	-	-	-	-	576.000	-	22.700	70.044	668.744
6	Dato' Tan Lee Sing (Retired on 31.07.2022)	Executive Director	-	-	-	-	-	-	-	-	-	540.000	-	12.500	65.393	617.893
7	Koay Ghee Teong	Executive Director	-	-	-	-	-	-	-	-	-	243.000	-	6.000	54.355	303.355
8	Christopher Tan Khoon Suan	Executive Director	-	-	-	-	-	-	-	-	-	159.000	-	12.500	24.995	196.495
9	Chew Shen Hoay (Appointed on 01.06.2022)	Executive Director	-	-	-	-	-	-	-	-	-	25.000	-	0.442	5.173	30.615
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### 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 8.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the opinion that the disclosure of top five senior management's remuneration on a named basis would not be in the best interest of the Group due to confidentiality and sensitivity concerns.	
		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 personnel to lead and run the businesses successfully.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	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 8.3 - Step Up**

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

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

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**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 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of Audit and Risk Management Committee ("ARMC") is Mr. James Wong Kwong Yew, who is an Independent Non-Executive Director and the Chairman of the Board is Dato' Dr. Mohd. Aminuddin bin Mohd. Rouse, who is an Independent Non-Executive Chairman.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The policy on observation of a cooling-off period of at least 3 years for a former key audit partner prior to the appointment as an ARMC member is incorporated in the Terms of Reference of ARMC.  Presently, no member of the ARMC was former key audit partner of the Group's External Auditors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC has adopted an External Auditors Policy which sets out the procedures on appointment and re-appointment of External Auditors, the annual assessment of the External Auditors as well as the declaration of the independence by the External Auditors.</p> <p>Apart from the above, the Terms of Reference of the ARMC also requires the ARMC to assess the suitability, objectivity and independence of the External Auditors annually.</p> <p>The Board has delegated to the ARMC to undertake an annual assessment of the quality of audit which encompassed the performance and calibre of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standards and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' calibre, quality processes and performances, audit team, audit scope and planning, audit communication, audit governance and independence as well as the audit fees.</p> <p>In addition to performing their own assessment, the ARMC may also request the Group Chief Financial Officer and the finance personnel (who have substantial contact with the external audit team) to perform the annual assessment of the External Auditors. The ARMC also takes into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at private meetings, which demonstrated their independence, objectivity and professionalism.</p> <p>To support the ARMC's assessment of their independence, the External Auditors have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements.</p> <p>At the ARMC meetings held on 25 May 2022 and 29 August 2022 respectively, the External Auditors namely, Baker Tilly Monteiro Heng</p>

	<p>PLT (“BTMH”) has presented to the ARMC its 2022 Audit Plan and Audit Committee Memorandum for the financial year ended 30 June 2022 which included BTMH’s confirmation that they have complied with the requirements for independence.</p> <p>The External Auditors will rotate their engaging partner in charge of the audit of the Company’s Audited Financial Statements at least once every seven (7) years to maintain their independence from the Group.</p> <p>The ARMC, having been satisfied with the performance of the External Auditors, had at its meeting held on 29 August 2022 recommended to the Board for approval of the re-appointment of the External Auditors for the ensuing financial year ending 30 June 2023. The Board has no objections to the re-appointment of the External Auditors and will accordingly seek the approval of the shareholders on the re-appointment at the forthcoming AGM of the Company.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The ARMC comprises wholly of Independent Non-Executive Directors.  As at the date of this Report, all the three (3) ARMC members have satisfied the independence test based on the criteria set out in the MMLR of Bursa Securities.

## 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 9.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the ARMC possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference ("TOR") of the ARMC.</p> <p>The current ARMC comprises of three (3) members and one (1) of whom is a member of the Malaysian Institute of Accountants.</p> <p>All the members of the ARMC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duty and responsibility as members of the ARMC.</p> <p>The ARMC is aware of the need to continuously develop and to broaden their knowledge in the areas of accounting and auditing in order to carry out their roles and duties effectively.</p> <p>The training attended by the ARMC members during the financial year ended 30 June 2022 are set out in the Corporate Governance Overview Statement under "Directors' Training" in the Company's Annual Report 2022.</p> <p>In addition, the ARMC members were also briefed by the External Auditors, Baker Tilly Monteiro Heng PLT on the Financial Reporting Developments inclusive of the new and amendment of Malaysian Financial Reporting Standards ("MFRS"), and International Financial Reporting Standards at the ARMC meeting held during the financial year.</p> <p>For the financial year ended 30 June 2022, the Board through the NC had reviewed the effectiveness of the ARMC via an evaluation questionnaire. The Board is satisfied with the performance of the ARMC</p>



	<p>and the necessary skills, experience, knowledge and other relevant field of expertise of the ARMC members had contributed to the overall effectiveness of the ARMC.</p> <p>The detailed report on the activities of the ARMC for the financial year ended 30 June 2022 is set out in the Company's Annual Report 2022.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### 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 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges that risk management and internal controls is an integral part of the overall management processes which is an ongoing process to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business objectives. The Board continues to review the system to ensure that the risk management and internal control system provides a reasonable but not absolute assurance against material misstatement or losses. The Board has endorsed a risk management and internal control framework which consists of a formalised risk management policy and procedure for a systematic and consistent approach to evaluate and improve the adequacy and effectiveness of the Group’s risk management process.</p> <p>Further details on the management and reporting of risks as well as controls in place to mitigate and manage those risks are provided under the Statement on Risk Management and Internal Control in the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 10.2

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The key features of the Company's risk management and internal control framework, which cover their adequacy and effectiveness are disclosed in the Statement on Risk Management and Internal Control of the Company's Annual Report 2022.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 10.3 - Step Up**

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

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

**Intended Outcome**

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

**Practice 11.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The ARMC of the Company is responsible for monitoring and reviewing the effectiveness of the Group’s Internal Audit function. The Internal Audit function is outsourced to S F Chang Corporate Services Sdn. Bhd. who directly report to the ARMC. The Internal Auditors is separate and independent from the External Auditors. The Internal Auditor attends and reports at ARMC meeting on its scope performed that inclusive of its findings, management’s responses and recommendations.</p> <p>The information on the Internal Audit function is available in the ARMC Report and Statement on Risk Management and Internal Control in the Annual Report 2022.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 11.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Auditor reports to the ARMC. This reporting relationship supports internal audit independence and objectivity, which assures adequate consideration of audit recommendations and planned corrective actions. This relationship also gives Internal Audit staff the authority needed for full, free and unrestricted access to any or all operations, records, property and personnel within the Group.</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 Institutions of Internal Auditors. The Internal Audit team is made up of four (4) personnel headed by Chang Siew Foong, a member of the Malaysian Institute of Accountants and they are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company recognises the importance of being transparent and accountable to its shareholders and has used various channels of communications to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public generally.</p> <p>The Board has adopted the following measures with regard to communication with the Company's stakeholders:-</p> <p>(i) Announcements to Bursa Securities</p> <p>Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results and the distribution of annual reports and circulars in the website of Bursa Securities at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</p> <p>(ii) Corporate Website</p> <p>A corporate website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a> is maintained and the said website contains relevant information on the Group's activities, financial results, major strategic development and other matters affecting stakeholders' interests for the shareholders, potential investors, suppliers and the general public.</p> <p>(iii) Annual Reports</p> <p>The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.</p>

	<p>(iv) AGMs</p> <p>The AGM is the principal forum for dialogue and communication with shareholders.</p> <p>(v) Investor Relations</p> <p>Shareholders and other interested parties are welcome to contact the Company should they have any comments, questions or concerns, by writing in, via telephone, facsimile or email, details of which are as follows:-</p> <p>Address : No. 1, Jalan Bandar 1, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan</p> <p>Telephone No. : 603 8070 8288</p> <p>Fax No. : 603 8070 8299</p> <p>Email address : <a href="mailto:corporate@tancoholdings.com">corporate@tancoholdings.com</a></p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		



**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 12.2**

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

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Notice of the Sixty-Third (63 <sup>rd</sup> ) AGM is dated 31 October 2022, which is more than twenty eight (28) days prior to the Company's 63 <sup>rd</sup> AGM to be held on 15 December 2022.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Members of the Board, Chairmen of the ARMC, Nomination Committee, Remuneration Committee and Senior Management as well as the External Auditors attended the 62 <sup>nd</sup> AGM which was conducted on a fully virtual basis on 16 December 2021 through live streaming and online remote voting by using Remote Participation and Voting (“RPV”) facilities provided by Vote2U via online meeting platform to address any questions raised at the 62 <sup>nd</sup> AGM. Adequate time is given during 62 <sup>nd</sup> AGM to allow the shareholders to seek clarifications or ask questions on pertinent and relevant matters.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company leveraged on technology by conducting its 62<sup>nd</sup> AGM held on 16 December 2021 on a fully virtual basis through live streaming and online remote voting by using RPV facilities provided by Vote2U via online meeting platform. All Directors, Senior Management and the External Auditors were participated in the 62<sup>nd</sup> AGM over the virtual meeting platform.</p> <p>The upcoming 63<sup>rd</sup> AGM of the Company has been scheduled to be held on 15 December 2022. The Company will continue to leverage on technology by conducting its 63<sup>rd</sup> AGM on a fully virtual basis through live streaming and online remote voting using RPV facilities via Vote2U online meeting platform at <a href="https://web.vote2u.my">https://web.vote2u.my</a> (Domain Registration No. with MYNIC: D6A471702). This allows shareholders and proxies to fully participate, speak (in the form of real-time submission of typed texts) and vote remotely from any locations via RPV facilities.</p> <p>The fully virtual meeting is in compliance with the MCCG, the latest revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for listed issuers issued by the Securities Commission Malaysia on 7 April 2022 and the Companies Act 2016 as well as the Company's Constitution.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Shareholders were welcomed to raise questions to the Board in the form of real-time submission of typed texts during the 62 <sup>nd</sup> AGM of the Company.  All the questions raised by the shareholders were duly addressed by the Board on the day of virtual AGM.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### Intended Outcome

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

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company's 62<sup>nd</sup> AGM was successfully conducted on a fully virtual basis through live streaming and online remote voting using RPV facilities provided by Vote2U via online meeting platform without any disruption.</p> <p>All members of the Board, including the Senior Management as well as the External Auditors were present during the virtual AGM to provide responses to shareholders' questions.</p> <p>Shareholders were given sufficient time to submit questions relating to resolutions tabled at the 62<sup>nd</sup> AGM prior to or during the AGM. Real-time submission of typed texts through RPV facilities provided by Agmo Digital Solutions Sdn. Bhd. via its Vote2U online meeting platform served as a primary channel of communication.</p> <p>All questions posted by the shareholders were answered by the Chairman during the virtual AGM.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Minutes of the 62 <sup>nd</sup> AGM, detailing the meeting proceedings were made available on the Company's website at <a href="http://www.tancoholdings.com">www.tancoholdings.com</a> within 30 business days after the AGM.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**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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