

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7211  
**COMPANY NAME** : TAFI INDUSTRIES BERHAD  
**FINANCIAL YEAR** : December 31, 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board is responsible to stakeholders for achieving TAFI Industries Berhad ("TAFI") strategic objectives and to deliver sustainable growth in maximising shareholder value and safeguarding stakeholders' interest. The Board's core responsibilities include the setting of direction and overall stewardship of TAFI. The Group Managing Director ("Group MD"), assisted by Executive Directors and the management, is accountable for strategic business direction, plans and policies of the Group, overseeing the management in its day-to-day running of the TAFI and its subsidiaries ("Group").</p> <p>The major responsibilities of the Board are disclosed in the Board Charter of TAFI which is available at TAFI's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a>.</p> <p>Other than that, the Board, together with the three (3) Committees, namely Audit Committee, Nominating Committee and Remuneration Committee have performed their fiduciary duties according to their respective Terms of Reference as disclosed in the appendices of Board Charter, which are available on the Company's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a> in order to achieve the strategic objectives of TAFI.</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>   | : |   |

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| <b>Timeframe</b> | : |  |  |
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### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has appointed Dato' Sri Ong Chee Kean as Non-Independent Non-Executive Chairman of the Board on 30 October 2020.</p> <p>The Chairman is responsible for instilling good governance practices, leadership and effectiveness of the Board through chairing of board meetings, representing the Board to shareholders, and reviewing and approving together with the Board members on board matters and policies.</p> <p>The Chairman will lead the Board on the conduct of the meeting and the agenda items to be discussed and encourage participation from all Board members during the Board meetings.</p> <p>The role and responsibility of the Chairman are detailed in the Board Charter of TAFI, which is available at the TAFI's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</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 1.3

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Currently, the positions of Chairman, Group MD and Group Chief Executive Officer ("Group CEO") are held by three different individuals, namely Dato' Sri Ong Chee Kean, Dato' Sri Azlan Bin Azmi and Dato' Sri Wong Sze Chien respectively.</p> <p>There is a clear segregation of duties and responsibilities between the Chairman of the Board, Group MD and Group CEO to ensure there is an appropriate balance of power and authority.</p> <p>The Chairman leads and manages the Board on the Group's overall strategic direction, governance and compliance as stated in Practice 1.2 of this report.</p> <p>The Group MD together with Group CEO have overall responsibility for the Group's operational and business units, overall effectiveness and implementation of board policies, directives and strategies. They also function as the intermediary between the Board and the management to ensure that Board decisions are carried out by the management.</p> <p>The role and responsibility of the Chairman, Group MD and Group CEO are detailed in the Board Charter of TAFI, which is available at the TAFI's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</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

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| <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>   | : Departure  |
| <b>Explanation on application of the practice</b>  | :  |
| <b>Explanation for departure</b>   | : Dato' Sri Ong Chee Kean, the Non-Independent Non-Executive Chairman of the Company, had on 8 February 2022 resigned as the member of Audit Committee, Nominating Committee and Remuneration Committee but participate in these committees' meetings by way of invitation.<br><br>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>   |  |
| <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

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.

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| <b>Application</b>                                | : Applied   |
| <b>Explanation on application of the practice</b> | <p>The Company has two (2) Company Secretaries, and they are qualified under Section 235 of the Companies Act 2016 ("CA2016").</p> <p>The Company Secretaries play an advisory role to the Board particularly relating to compliance with TAFI's Constitution, Board policies and procedures and its compliance with regulatory requirements, especially with the Main Market Listing Requirements ( "MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the CA2016 and the principles of best corporate governance practices.</p> <p>Below is a summary of the relevant activities in the financial year ended 2022 carried out by the Company Secretaries: -</p> <ul style="list-style-type: none"><li>• Organised and attended all Board and Board Committee meetings and ensured that meeting procedures were followed and deliberations at such meetings were well minuted;</li><li>• Prepared meeting agenda and documents required for the shareholders' meetings;</li><li>• Released announcements and submitted annual financial statements and annual reports to Bursa Securities on timely manner;</li><li>• Updated the Board on the amendments to the CA2016, the MMLR of Bursa Securities and guidelines, and brought to the attention of the Board all circulars from Bursa Securities;</li><li>• Highlighted to the Board on all compliance and governance issues and advised the Board on achieving the highest standard of corporate governance in accordance to the recommendations in Malaysia Code Corporate Governance; and</li><li>• Recommended available training programs for the Directors to attend.</li></ul> <p>The Company Secretaries constantly keep themselves abreast of the regulatory changes and developments in governance through the updates from Bursa Securities, Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and the Companies Commission of Malaysia.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretaries. The decisions for appointment and removal of Company Secretary or Secretaries rest with the Board.</p> |

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

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>A total of five (5) scheduled Board meetings, five (5) scheduled Audit Committee meetings, one (1) Nominating Committee meeting and one (1) Remuneration Committee meeting were held during the financial year ended 31 December 2022.</p> <p>Each meeting was conducted in accordance with a structured formal agenda prepared by the Company Secretary in consultation with the Chairman of the Board or Board Committee and management.</p> <p>The notice and agenda for each meeting circulated or sent to each Board member at least seven (7) days in advance of the meeting followed by the soft copies of the relevant Board Papers, containing information pertinent to the matters to be deliberated at the forthcoming meeting and any other information the Directors may additionally require on the agenda items, to reach the Directors at least a week before the scheduled meeting. The Chairman ensure adequate time is allocated for discussion of issues tabled to the Board or Board Committees.</p> <p>The draft minutes of the meetings were circulated to the Board or the Board Committee for review and comments in a timely manner. The final minutes would be confirmed and signed by the Chairman as correct records at the forthcoming meeting.</p> <p>The Company Secretaries and Finance Manager attended each Board meeting, as well as every Audit Committee meeting, during the financial year ended 31 December 2022. Other senior staff may be invited to attend certain meetings if so required.</p> |
| <b>Explanation for departure</b>   | : |   |
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| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |   |
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### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Board Charter of TAFI was first adopted by the Board in 2014.</p> <p>The latest Board Charter of TAFI which is available on the TAFI's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a> had been updated and adopted by the Board on 8 February 2022.</p> <p>The Board Charter will be reviewed on a periodic basis, but at least once every two (2) years, and may be amended from time to time to be relevant and up-to-date in accordance to the requirements of the Group and any new regulations.</p> <p>Any amendments to be made in the said Board Charter shall be reviewed and approved by the Board and it shall upload to the TAFI's website.</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.

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| <b>Application</b>                                | : | Applied   |
| <b>Explanation on application of the practice</b> | : | <p>The Board is guided by the Directors' Code of Ethics in discharging its oversight role effectively includes, but not limited to the matters relating to ethics and compliance, establishment of policies and strategies as well as overseeing the internal controls and Risk management of the Group.</p> <p>The Code of Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders.</p> <p>The main responsibilities of the Board are as follows:-</p> <ol style="list-style-type: none"><li>1. Reviewing and adopting a strategic plan for the Group<br/>The role of the board is to review, challenge and approve management's proposal of a strategic plan for the Group. The board brings objectivity and breadth of judgment to the strategic planning process as they are not involved in day-to-day management of the business. The board should satisfy itself that management has taken into account all appropriate considerations in establishing the strategic plan for the Group. The board is also responsible for monitoring the implementation of the strategic plan by management.</li><li>2. Overseeing the conduct of the Group's business<br/>A basic function of the board is to oversee the performance of management to determine whether the business is being properly managed. The board's obligation to oversee the performance of management contemplates a collegial relationship that is supportive yet vigilant. Therefore, the board must ensure that there are measures in place against which management's performance can be assessed.</li></ol> |

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|   | <p>3. Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures<br/>The board must understand the principal risks of all aspects of the Group's business and recognise that business decisions involve the taking of appropriate risks. This is intended to achieve a proper balance between risks incurred and potential returns to shareholders. The board must therefore ensure that there are systems in place which effectively monitor and manage these risks.</p> <p>4. Succession planning<br/>The board should ensure that all candidates appointed to senior management positions (i.e. position of General Manager and above) are of sufficient calibre. The board should also be satisfied that there are programmes in place to provide for the orderly succession of senior management.</p> <p>5. Overseeing the development and implementation of a shareholder communications policy for the Group<br/>The responsibility of the board is to ensure that the Group has in place a policy to enable effective communication with its shareholders and other stakeholders. This policy should include how feedbacks received from its stakeholders are considered by the Company when making business decisions.</p> <p>6. Reviewing the adequacy and the integrity of the management information and internal controls system of the Group<br/>The board has to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.</p> <p>In performing the responsibilities of the Board, the Board should be in line with the Code of Conduct and Ethics. For further details, the Code of Conduct and Ethics is also available on the Board Charter, a copy is published on the Company's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a>.</p> <p>The Company had adopted the policy on guarding against Bribery and Corruption, and is committed to behaving professionally, fairly and with integrity in all our business dealings and relationships wherever the Group operates, and implementing and enforcing effective systems to counter bribery and corruption.</p> <p>A copy of said policy is made available on the Company's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</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> |  |

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| <b>Measure</b>   | : |  |  |
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### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>A whistleblowing policy was adopted by the Company on 23 November 2020 and the said policy had been published on the Company's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a>.</p> <p>The public and the employees who reasonably believe that inappropriate practices or conduct are occurring should raise the issue with the Group MD or Group CEO by email to <a href="mailto:whistleblowing@tafur.com.my">whistleblowing@tafur.com.my</a>.</p> <p>During the financial year under review, there were no cases reported to the Board of 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 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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board of TAFI Group is focused to develop sustainability strategies and policies and to guide decision making efforts for the Group to stay competitive in the industry.</p> <p>The Group MD, Group CEO and Executive Director ("ED") through the management, assist the Board in overseeing the formulation, implementation and effective management of the sustainability strategies of the Group focus on three areas, environment, social and governance ("ESG").</p> <p>The Group CEO and ED will lead the Group in reviewing and ensuring that sustainability strategies is integrated into the business direction of the Group and its operations. The Group MD, Group CEO and ED then will report the sustainability strategies and measures taken by the Group to the Board in order to support business continuity and competitiveness over the long term in line with the benefit to the stakeholders.</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 4.2

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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>As a Group, the well-being of customers, employees and other stakeholders as well as the environment are crucial to the Group's long-term performance.</p> <p>The Board factors in these sustainability considerations and ensures that the Company's strategies, priorities and targets are communicated to internal and external stakeholders. As such the Company incorporates ESG risks and opportunities into the business decisions given their heightened materiality in decision-making considerations of stakeholders. The Group considers the integration of ESG factors as a component of the Board's responsibility</p> <p>The Board had kept the stakeholders updated on the latest development within the Company and communicate information on the Company's activities and discussed issues that might impact the stakeholders' interest via the Sustainability Report in the Annual Report.</p> <p>TAFI's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a> is one of the channels to further enhance internal and external stakeholders' communication. TAFI also regularly update the stakeholders on the latest development of the Group via press release and bursa announcement as required.</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 4.3**

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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The management will identify and assess a wide range of sustainability matters to act on and to report to. The materiality assessment can provide information that may positively or negatively influence the Group’s ability to deliver TAFI’s vision and strategy.</p> <p>The management together with the supervision of the Group CEO and ED will conduct a materiality review every year to identify the crucial and relevant sustainability matters occur in the Group.</p> <p>The Group CEO and ED will prioritise the sustainability and manage the material sustainability matters to help the Group to focus its effort and maximize the resource allocation need by the Group.</p> <p>The Group CEO and ED will report the sustainability risks and measure taken (if any) by the Group to the Board during the Board of Directors’ Meetings.</p> <p>The Board would provide their views, opinions and advice to the management to ensure that TAFI Group meets both its compliance and sustainable development responsibilities.</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>   | : |   |  |
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### 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.

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| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | <p>The Company recognises the importance of prioritising sustainability as part of its overall approach to value creation. However, the Company is yet to incorporate sustainability issues in performance evaluations of the Board and senior management during the financial period under purview.</p> <p>Currently, the performance review of individual directors and senior management covers for personal characteristic, integrity, competency, mix of skills and experience, time commitment to the Company and level of independence for independent directors, while evaluation on Board performance as a whole covers board structure, board operation and roles &amp; responsibilities of the Board. Key performance indicator sets for Executive Directors and senior management were based on financial and quality management sustainability for the Group.</p> <p>The Board will consider incorporating the sustainability issues in performance evaluations of the Board and senior management in near future.</p> |  |
| <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.*

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| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | The Group CEO and ED will prioritise the sustainability matters and manage the materiality sustainability matters. |

### 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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>An annual board assessment and evaluation was carried out by the Nominating Committee in November 2022 to review the performance of the Board, Board Committees and each individual director as well as the existing Board composition, independence diversity (i.e. gender, race/ethnicity) and mix of skills/experience.</p> <p>The Nominating Committee recommended to the Board those directors who are scheduled for retirement by rotation and are eligible to stand for re-election at the forthcoming annual general meeting of the Company. The recommendation is based on formal reviews of the performance of the Directors concerned, taking into account the results of their latest Board assessment, their participation in meeting discussions and contribute to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interests of the Company in decision-making</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>   | : |   |
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### 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.

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| <b>Application</b>                                | : | Departure   |
| <b>Explanation on application of the practice</b> | : |   |
| <b>Explanation for departure</b>                  | : | <p>Currently, the Board of TAFI comprises of eight (8) Directors i.e. three (3) Independent Non-Executive Directors (“INEDs”), two (2) Non-Independent Non-Executive Directors and three (3) Executive Directors, two of whom serve as the Group MD and Group CEO.</p> <p>All the three (3) INEDs, namely Mr. Teh Soon Hin, Mr. Leong Boon Tik and Mr. Leong Sher-How had satisfied the independence test under the MMLR of Bursa Securities based on the annual Board assessment conducted by the Nominating Committee and the Board however, always strives to increase its composition to be in line with the above Practice 5.2.</p> <p>The composition of the current Board is in compliance with the requirements of Paragraph 15.02 of the MMLR of which at least 2 or 1/3 of the Board are Independent Directors and the Board however, always strives to increase its composition to be in line with the above Practice 5.2. The Board recognises the important contributions that INEDs make to good corporate governance.</p> <p>The Board takes cognisance that the current composition of the Board is not aligning with the desired practice of at least half to comprise of independent directors, but the composition is in compliance with the requirements of Paragraph 15.02 of the MMLR of which at least 2 or 1/3 of the Board are Independent Directors.</p> <p>The presence of Dato’ Sri Ong Chee Kean and Encik Abdul Malek Bin Jalil, the Non-Independent Non-Executive Directors together with the INEDs of the Company help to reinforce the check and balance of the Board’s decision-making process.</p> <p>Therefore, the current Board comprises less than 50% independent directors will not jeopardise independent Board’s deliberations. All Directors, regardless of their independent status, are required to act in the best interests of the Company and to exercise unfettered and independent judgment.</p> |

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

|                  |   |  |  |
|------------------|---|--|--|
| <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 5.3**

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>   | : | Not applicable - Step Up 5.4 adopted |  |
| <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**

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.

|  |  |
|--|--|
| <i>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.</i> |  |
| <b>Application</b>   | : Adopted  |
| <b>Explanation on adoption of the practice</b>   | :<br>The Board has adopted 9 years and after the 12 <sup>th</sup> year policy for independent directors and taking into account the need for progressive refreshing of the Board.<br><br>Currently, none of the independent director has served the Company for more than 9 years. |

## 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 encourages a diverse composition which includes but is not limited to age, race, ethnicity, gender, experience, skills and competencies to facilitate effective decision-making process by providing different insights and perspective.</p> <p>The Board understands that a diverse board can offer greater depth and breadth in decision making. Diversity at senior management level will also provide constructive debate besides stimulating ideas which leads towards a better outcome for the Company.</p> <p>The Senior Management are employees of Company, the recruitment is based on their relevant skills and experience.</p> <p>As at 25 April 2023, the diversity of the Board and the key senior management are as follows:-</p> <table border="1"><thead><tr><th></th><th><b>Board</b></th><th><b>Key Senior Management</b></th></tr></thead><tbody><tr><td><b>Gender</b></td><td></td><td></td></tr><tr><td>Male</td><td>8</td><td>3</td></tr><tr><td>Female</td><td>-</td><td>2</td></tr><tr><td><b>Total</b></td><td>8</td><td>5</td></tr><tr><td><b>Age</b></td><td></td><td></td></tr><tr><td>30-39</td><td>2</td><td>1</td></tr><tr><td>40-49</td><td>5</td><td>2</td></tr><tr><td>50-59</td><td>-</td><td>2</td></tr><tr><td>60-69</td><td>1</td><td>-</td></tr><tr><td><b>Total</b></td><td>8</td><td>5</td></tr><tr><td><b>Ethnicity</b></td><td></td><td></td></tr><tr><td>Malay</td><td>2</td><td>-</td></tr><tr><td>Chinese</td><td>6</td><td>5</td></tr><tr><td>Indian</td><td>-</td><td>-</td></tr><tr><td><b>Total</b></td><td>8</td><td>5</td></tr></tbody></table> |  | <b>Board</b> | <b>Key Senior Management</b> | <b>Gender</b> |  |  | Male | 8 | 3 | Female | - | 2 | <b>Total</b> | 8 | 5 | <b>Age</b> |  |  | 30-39 | 2 | 1 | 40-49 | 5 | 2 | 50-59 | - | 2 | 60-69 | 1 | - | <b>Total</b> | 8 | 5 | <b>Ethnicity</b> |  |  | Malay | 2 | - | Chinese | 6 | 5 | Indian | - | - | <b>Total</b> | 8 | 5 |
|   | <b>Board</b> | <b>Key Senior Management</b>  |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| <b>Gender</b>                                     |              |   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| Male  | 8            | 3   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| Female  | -            | 2   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| <b>Total</b>                                      | 8            | 5   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| <b>Age</b>  |              |   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| 30-39   | 2            | 1   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| 40-49   | 5            | 2   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| 50-59   | -            | 2   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| 60-69   | 1            | -   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| <b>Total</b>                                      | 8            | 5   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| <b>Ethnicity</b>                                  |              |   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| Malay   | 2            | -   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| Chinese   | 6            | 5   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| Indian  | -            | -   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |
| <b>Total</b>                                      | 8            | 5   |  |              |                              |               |  |  |      |   |   |        |   |   |              |   |   |            |  |  |       |   |   |       |   |   |       |   |   |       |   |   |              |   |   |                  |  |  |       |   |   |         |   |   |        |   |   |              |   |   |

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| <b>Explanation for departure</b>   | : |  |
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| <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 Nominating Committee the responsibility to review and make recommendations on any potential candidate for the appointment as a new Director.</p> <p>The Nominating Committee is responsible to ensure that the procedures for appointing new Director are transparent and the appointments are made on the merits. Such appointments would take place only if approved by the Board as a whole.</p> <p>The process for the appointment of a new director is summarized in the following manner:-</p> <ul style="list-style-type: none"><li>• The candidate identified upon the recommendation by the existing directors, senior management staff, shareholders and/or other consultants;</li><li>• In evaluating the suitability of candidates to the Board, the Nominating Committee considers the competency, experience, commitment, contribution and integrity of the candidate's independence;</li><li>• Conduct interview with the potential candidate;</li><li>• Deliberate the suitability of the candidate by the Nominating Committee and recommend to the Board, which also includes recommendation for appointment as a member of the various board committees, where necessary; and</li><li>• The Board's deliberation and decision to be made by the Board on the proposed new appointment, including appointment to the various board committees.</li></ul> <p>During the financial year 2022, the Board appointed one (1) new Non-Independent Non-Executive Directors. In identifying suitably qualified candidates for appointment, the NC had obtained recommendations from existing Directors. The NC is of the view that presently this source was sufficient, and the independent sources was not used to identify suitable qualified candidates.</p> |

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| <b>Explanation for departure</b> :   |  |  |
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| <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>The profiles of the Directors standing for re-election, including their age, gender, working experience, professional qualification and interest in the Company are set out on pages 4 to 8 of the Annual Report.</p> <p>Based on the outcomes of the Nominating Committee's review on the performance and contribution of the following Directors who stand for re-election, in the discharge of their duties during the annual assessment has been satisfactory. They have demonstrated their diligence and commitment for the financial year ended 31 December 2022 and met the relevant requirements under the fit and proper assessment :-</p> <ul style="list-style-type: none"><li>(a) Mr. Teh Soon Hin</li><li>(b) Mr. Leong Boon Tik</li><li>(c) Mr. Leong Sher-How</li></ul> <p>The aforesaid Directors have abstained from deliberations and decision on their own eligibility and suitability to stand for re-election at the relevant Board meetings.</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>  | : | Currently, the Nominating Committee comprised of wholly independent and non-executive directors: - |   |   |
|  |   | <b>Name</b>  | <b>Designation Nominating Committee</b> | <b>Directorship</b>                       |
|  |   | Leong Boon Tik   | Chairman                                | Senior Independent Non-Executive Director |
|  |   | Teh Soon Hin   | Member                                  | Independent Non-Executive Director        |
|  |   | Leong Sher-How   | Member                                  | Independent Non-Executive Director        |
| <b>Explanation for departure</b>   | : |  |   |   |
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| <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>   | : |  |   |   |
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**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.

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|--|---|---|--|
| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | Currently the Board does not comprise of any female director.   |  |
|  |   | <p>The Board is mindful of the recommendation of the Code on gender diversity and need more time to identify suitable female candidates with relevant qualifications, skills, and experience to bring about a more diverse perspective and contribute to the Group.</p> <p>The Board shall identify a female director to be appointed on the Board the latest by 1 June 2023.</p> |  |
| <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.

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|--|---|--|--|
| <b>Application</b>   | : | Departure  |  |
| <b>Explanation on application of the practice</b>  | : |  |  |
| <b>Explanation for departure</b>   | : | The Board acknowledges the importance of boardroom and senior management diversity in terms of age, gender, nationality, ethnicity and socio-economic background and recognises the benefit of this diversity. The Board views that while promoting diversity is essential; the normal selection criteria based on competencies, skills, extensive experience and knowledge to strengthen the candidates should remain a priority. |  |
|  |   | The Board will work towards achieving the appropriate boardroom diversity with at least one (1) female director by 1 June 2023.<br><br>In respect of senior management, as employees of the Company, the Board has not set any specific target date for senior management diversity but will work towards achieving the appropriate 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

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>  | :<br><p>The Nominating Committee assesses the effectiveness of the Board as a whole, the performance and contribution of each Board committee as well as each individual director on an annual basis and to ensure that the Board and its respective Board committees have the appropriate balance of expertise and ability.</p> <p>The Board, through the Nominating Committee and facilitated by the Company Secretaries, will conduct an annual assessment to evaluate the Performance of the Board, its Board Committees and each individual Directors, as well as identifying any gaps or areas of improvement.</p> <p>The annual assessment was conducted internally through a questionnaire and by way of self-assessment approach on an annually basis, focusing on maximizing the effectiveness and performance of the Board. The Board did not engage any external party to undertake an independent assessment of the Directors. A summary of the results and all feedback received were tabled to the NC for deliberation before appropriate action plans were recommended to the Board for further discussion and approval.</p> <p>For the financial year ended 31 December 2022, the annual board assessment was conducted internally.</p> <p>Based on the results of the assessment for the financial year ended 31 December 2022, the Board and NC were satisfied with the effectiveness of the Board as a whole, the performance and contribution of each Board committee as well as each individual director.</p> |
| <b>Explanation for departure</b>   | :   |

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| <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> | <p>The Board delegated to Remuneration Committee with the responsibility to establish a formal and transparent procedure for developing policy on remuneration packages of individual directors taking into consideration that for executive directors and senior management, the component parts of remuneration should be structured to link rewards to corporate and individual performance and for non-executive directors, the level of remuneration should reflect the experience and level of responsibility undertaken by the non-executive director concerned.</p> <p>The Remuneration Committee meet at least once a year to review and recommend to the Board on the directors’ fees and remuneration package of the directors of TAFI.</p> <p>In regard to the Directors’ remuneration, TAFI aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run TAFI successfully, taking into consideration all relevant factors, including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.</p> <p>The Remuneration Committee takes into consideration the contribution, responsibilities and performance of the directors, when deliberating on and making recommendations to the Board on the fees and a remuneration package of the directors of the Company.</p> <p>The Director’s Remuneration Policy is stated in the Board Charter and accessible on the Company’s corporate website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a>.</p> |

|  |  |  |
|--|--|--|
|  | For senior management position, their remuneration is aligned to the Group's Human Resources policies and performance. The Board ensures that only appropriate personnel with the relevant skills and experiences are appointed to senior management positions of the Company and the remuneration package is at a fair market rate. |  |
| <b>Explanation for departure</b>   | :  |  |
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| <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>  | : | <p>Currently the Remuneration Committee comprises of three (3) Independent Non-Executive Directors. It complies with its Terms of Reference, a copy is published on the Company's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a>.</p> <p>The followings are the key roles of the Remuneration Committee: -</p> <ul style="list-style-type: none"><li>(a) Establish a formal and transparent procedure for developing policy on remuneration packages of individual directors taking into consideration that for executive directors and senior management.</li><li>(b) Structure the component parts of remuneration in order to link rewards to corporate and individual performance and for non-executive directors.</li><li>(c) Reflect the level of remuneration of the experience and level of responsibility undertaken by the non-executive director concerned.</li></ul> <p>The Remuneration Committee meet at least once a year or as and when required for discharging their duties and roles of the Remuneration Committee as set out in the Terms of Reference.</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 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> | : | The remuneration breakdown of individual directors for the financial year ended 31 December 2022 is enumerated in Table 1 attached hereto. |



| 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' Sri Azlan Bin Azmi      | Executive Director                     | -               | -               | -               | -               | -                | -                | -               | -               | -               | -               | -               | -                | -                | -               |
| 2  | Dato' Sri Wong Sze Chien      | Executive Director                     | -               | -               | -               | -               | -                | -                | -               | -               | -               | -               | -               | -                | -                | -               |
| 3  | Dato' Sri Andrew Lim Eng Guan | Executive Director                     | -               | -               | -               | -               | -                | -                | -               | -               | -               | -               | -               | -                | -                | -               |
| 4  | Dato' Sri Ong Chee Kean       | Non-Executive Non-Independent Director | 30              | -               | -               | -               | -                | -                | 30              | 30              | -               | -               | -               | -                | -                | 30              |
| 5  | Teh Soon Hin                  | Independent Director                   | 30              | -               | -               | -               | -                | -                | 30              | 30              | -               | -               | -               | -                | -                | 30              |
| 6  | Leong Boon Tik                | Independent Director                   | 30              | -               | -               | -               | -                | -                | 30              | 30              | -               | -               | -               | -                | -                | 30              |
| 7  | Leong Sher-How                | Independent Director                   | 30              | -               | -               | -               | -                | -                | 30              | 30              | -               | -               | -               | -                | -                | 30              |
| 8  | Abdul Malek Bin Jalil         | Non-Executive Non-Independent Director | 25              | -               | -               | -               | -                | -                | 25              | 25              | -               | -               | -               | -                | -                | 25              |
| 9  |                               | 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 |
| 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>  | :                                   | <p>The Board is of the view that this disclosure is disadvantageous to TAFI as it could potentially give rise to security concerns, staff poaching by competitors and conflict between staffs. As an alternative for this disclosure, the Board views that the disclosure of aggregate remunerations of top 5 Senior Management's remuneration would suffice.</p> <p>The profiles of the top five (5) Senior Management are set out on Page 9 to 10 of the Annual Report, and their total remuneration during the financial year ended 31 December 2022 are as follows:-</p> <table border="1"> <thead> <tr> <th></th> <th><b>Salary, EFP and Bonuses (RM)</b></th> <th><b>Other Emoluments (RM)</b></th> <th><b>Benefit-in-Kind (RM)</b></th> <th><b>Total (RM)</b></th> </tr> </thead> <tbody> <tr> <td><b>Total Top Five Senior Management</b></td> <td>818,220</td> <td>-</td> <td>17,400</td> <td>835,620</td> </tr> </tbody> </table> |                             |                   |  |  | <b>Salary, EFP and Bonuses (RM)</b> | <b>Other Emoluments (RM)</b> | <b>Benefit-in-Kind (RM)</b> | <b>Total (RM)</b> | <b>Total Top Five Senior Management</b> | 818,220 | - | 17,400 | 835,620 |
|   | <b>Salary, EFP and Bonuses (RM)</b> | <b>Other Emoluments (RM)</b>  | <b>Benefit-in-Kind (RM)</b> | <b>Total (RM)</b> |  |  |                                     |                              |                             |                   |   |         |   |        |         |
| <b>Total Top Five Senior Management</b>   | 818,220                             | -   | 17,400                      | 835,620           |  |  |                                     |                              |                             |                   |   |         |   |        |         |
| <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>  | :                                   | 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>  | : | Currently, the Audit Committee comprises three (3) Independent Non-Executive Directors of the Company.<br><br>The positions of Chairman of the Board and Audit Committee Chairman are held by two different individuals, namely Dato' Sri Ong Chee Kean and Mr. Teh Soon Hin respectively. |  |
| <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>  | : | TAFI has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of three (3) years.<br><br>There is no such person being appointed as a member of the Audit Committee. |  |
| <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 Audit Committee shall meet with the External Auditors, for a private discussion without the presence of executive board members and employees of TAFI at least twice during each financial year.</p> <p>The Audit Committee also undertook an assessment of the suitability and the independence of the External Auditors by considering the factors mentioned below to arrive at its recommendation for the appointment of Messrs Ecovis Malaysia PLT in place of the retiring auditors Messrs Peter Chong &amp; Co., as the Group's auditors for the financial year ended 31 December 2022.</p> <p>To support the Audit Committee's assessment of the External Auditors' independence, the External Auditors will provide the Audit Committee with a declaration of their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the Audit Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants.</p> <p>For the audit of the financial year ended 31 December 2022, the External Auditors, Messrs Ecovis Malaysia PLT have provided their declaration in their annual audit plan presented to the Audit Committee of TAFI and confirmation confirming that they were and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Board had on 5 April 2023 accepted the recommendation of the Audit Committee and approved the proposal to the shareholders at the 19th Annual General Meeting ("AGM") for the re-appointment of Messrs Ecovis Malaysia PLT as external auditors of TAFI to audit the Group for the financial year ending 31 December 2023.</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**

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> :                             | Not Adopted |
| <b>Explanation on adoption of the practice</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 9.5

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>Pursuant to its Terms of Reference, the Audit Committee of TAFI is required to meet at least four (4) times in each financial year and additional meetings may be convened if so required.</p> <p>The external auditors and internal auditors attends Audit Committee meetings on invitation by the Chairman of the Audit Committee. The external auditors and internal auditors may also respectively request a meeting with the Audit Committee if they consider it necessary.</p> <p>Each of the Audit Committee meetings was dutifully attended by the Company Secretaries, Finance Manager and the Internal Auditor on the invitation of the Audit Committee Chairman. All the Audit Committee meetings were also attended by the Group MD and Executive Directors at the invitation of the Audit Committee members.</p> <p>All members of the Audit Committee are financially literate and have sufficient understanding of the Group's business.</p> <p>The Chairman of the Audit Committee, Mr. Teh Soon Hin is a Malaysian Institute of Accountants (MIA) member, and he together with his other fellow Audit Committee members, reviews the Company's financial statements in the presence of both the external and internal auditors and with the Finance Manager at hand to clarify and address any queries the Audit Committee may have, prior to recommending the financials for approval and issuance to the stakeholders.</p> <p>Each Audit Committee member is encouraged to regularly undergo suitable training programmes to keep themselves abreast of the latest changes and to update their knowledge and each of them is aware of the need to continually undergo training appropriate to their needs in line with Paragraph 15.08(3) of MMLR of Bursa Securities.</p> |

|  |  |  |
|--|--|--|
|  | The list of training attended by the directors of the Company is specified in the Pages 25 to 26 of the Annual Report. |  |
| <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 10.1

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 affirms its overall responsibility for the Group's system of internal control and risk management, which includes the review of its adequacy and effectiveness to ensure compliance to policies and procedures and operating standards, so as to enable the Group to achieve its business objectives. The process of identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives is an ongoing process. The Board, however, reiterates that such a system is designed to manage risk rather than eliminate risk of failure to achieve business objectives and provides only reasonable assurance but not absolute assurance against material misstatement or loss.</p> <p>The Board has in place structured process of identifying, evaluating, monitoring and managing significant risks to mitigate the risk in line with business objectives of the Group.</p> <p>During the financial year ended 31 December 2022, the internal audit function was carried out by the outsourced Internal Audit firm namely alphaOne Governance Sdn Bhd.</p> <p>The internal audit functions as an independent party to test the existing internal controls put in place in accordance to risk-based approach and the internal audit plan. The internal audit plan is reviewed quarterly and if necessary, adjusted to reflect the changes in the Group's operating environment. The internal audit plan is approved by the Audit Committee on an annual basis, and any significant change to the plan will be referred to the Audit Committee for notification prior to the commencement of the internal audit.</p> <p>Audit findings and recommendations for possible improvement to the internal controls of the Group are submitted to the Audit Committee for review and recommendations followed by implementation of corrective actions as and when needed.</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 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> | : | <p>The Board is responsible for the oversight of the risk management and internal control to ensure the effective compliance to policies and procedures and operating standards of the Group.</p> <p>The Group has an established risk management framework to determine and control the risk to achieve the objectives of the Group.</p> <p>The Board had also conducted the following key activities of internal control to safeguard shareholders' investments and the Company's assets: -</p> <ol style="list-style-type: none"><li>1. Establishment of Audit Committee;<ul style="list-style-type: none"><li>• The Audit Committee examines and monitors the Group's system of internal control on behalf of the Board.</li><li>• The Audit Committee reviews the report from the internal audit department, usually bi-quarterly.</li></ul></li><li>2. Limits of authority and responsibility;<ul style="list-style-type: none"><li>• Establishing a clear organisational structure with key job functions and well-defined responsibilities communicated to all levels of the organisation.</li></ul></li><li>3. Written policies and procedures; and<ul style="list-style-type: none"><li>• The management sets well defined authorization procedures and exercises strict control to ensure compliance by all levels of employees.</li></ul></li><li>4. Planning, monitoring and reporting<ul style="list-style-type: none"><li>• The Audit Committee reviews the quarterly unaudited financial results to monitor the Group's progress in achieving the Group's objectives.</li><li>• Review of key performance indicators (KPIs) by Senior Management team on quarterly basis.</li></ul></li></ol> |
| <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 internal audit (“IA”) function for financial year ended 2023 of the Group is outsourced to a professional service firm, namely Agile Advisory Services PLT, which reports functionally to Audit Committee (“AC”) directly effective from 10 January 2023, in place of alphaOne Governance Sdn Bhd upon their terms of service expired.</p> <p>The AC had reviewed the internal audit scope, competency, qualification, experience and resources of Agile Advisory Services PLT, prior their appointment as the new IA of the Group.</p> <p>The IA engagement of Agile Advisory Services PLT, is governed by their engagement letter with key terms which include the purpose and scope of works, accountability, independence, the outsourced internal audit function’s responsibilities, the management’s responsibilities, the authority accorded Agile Advisory Services PLT, limitation of scope of works, confidentiality, proposed fees and engagement team.</p> <p>To ensure that the responsibilities of IA are fully discharged, the AC will reviews: -</p> <ul style="list-style-type: none"><li>(i) the internal audit plan and processes, results of the internal audit assessment, investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;</li><li>(ii) the internal audit reports, their findings, recommendation and the management’s response in addressing the issues found to ensure that risk issues were adequately addressed;</li><li>(iii) the adequacy of the scope, functions, competency, experience and resources of the internal audit function and that it has the necessary authority and resources to carry out its work; and</li><li>(iv) the annual performance assessment of internal auditors.</li></ul> <p>The AC holds regular private meetings with the IA team without the presence of Management to discuss on significant internal audit matters.</p> <p>During the financial year ending 31 December 2023, regular meetings will be held between the IA and the AC without the presence of the Executive Board Members and Management.</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 Company's IA function for the financial year ended 31 December 2022 was outsourced to a professional service firm, namely alphaOne Governance Sdn Bhd, who report to AC directly.</p> <p>alphaOne Governance Sdn Bhd consists of five (5) personnel which include directors, manager and consultants. The Team Leader for the IA engagement is a professional member of the Institute of Internal Auditors Malaysia and a fellow of the Institute of Chartered Accountants in Australia and New Zealand.</p> <p>Two (2) internal audits reviews were carried out by alphaOne Governance Sdn Bhd for financial year ended 2022, in material aspects, is guided by the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors Inc. which contains the international standards for internal auditing. In addition, the audit programme is tailored to the operations / processes / functions of TAFI Group with clearly stated objectives and risks and is guided by the COSO principles. Appropriate audit procedures will be included to ensure adequate coverage of the areas to be audited and risks are addressed. None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</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 Boards recognised the importance of maintaining transparency and accountability to their stakeholders. In this respect, information on the Group's financial performance and/or major developments are disseminated to the public as soon as practicable via appropriate channels of communication, which is the Bursa LINK provided by Bursa Securities as well as the Company's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a>.</p> <p>To facilitate the stakeholders' understanding of the Company with respect to the business of the company and its policies on governance, the Company has placed various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information.</p> <p>The quarterly financial results are announced to Bursa LINK after obtaining the Board's approval.</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 12.2**

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>  | : | <p>TAFI despatches the notice of its Annual General Meeting (“AGM”) to its shareholders at least 28 days before the AGM, despite of the 21 days requirement under the TAFI’s Constitution and the MMLR of Bursa Securities.</p> <p>The additional time given to the shareholders allows them to make necessary arrangements to attend and participate in person or through corporate representatives or proxies.</p> <p>The notice is also published in a nationally circulated newspaper as required under the MMLR of Bursa Securities.</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 13.2**

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>  | : | <p>All Directors were present at the General Meetings to respond to the shareholders' queries.</p> <p>In addition, the Senior Management of the Company and the External Auditors of the Company were invited and attended the General Meetings to answer questions relevant audit processes.</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 13.3

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>  | : | The Annual General Meeting on 18 May 2022 and Extraordinary General Meeting on 21 January 2022 were conducted entirely on a fully virtual basis through the online platform of TIIH Online website provided by Tricor Investor & Issuing House Services Sdn Bhd. |  |
| <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> :  | <p>The Board recognises that the General Meetings is a valuable opportunity for the Board to engage with shareholders.</p> <p>Before the General Meetings, the shareholders are to submit questions to the Board of Directors via Tricor's TIIH Online website and the question received would be answered by the Board during the General Meetings.</p> <p>At the General Meetings, the shareholders are to attend, speak in the form of real time submission of type texts) and the Board would try to respond to questions submitted by the shareholders during the General Meetings.</p> <p>The Annual General Meeting on 18 May 2022 and Extraordinary General Meeting on 21 January 2022 ("General Meetings") were well attended by the Shareholders.</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 13.5

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> :  | All the questions received before General Meetings and posted by the shareholders during the General Meetings were displayed on the screen during the virtual General Meetings. The Board had responded to the questions received or posted by the shareholders.<br><br>If those questions that were not been able to address during the General Meetings, the responses to those questions will either be emailed to the respective shareholders or posted on the Company's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</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**

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>  | : The Key Matters Discussed during the General Meetings would be posted at the Company's website at <a href="https://welcome.tafi.com.my">https://welcome.tafi.com.my</a> . |
| <b>Explanation for departure</b>   | :<br><br>   |
| <i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i> |   |
| <b>Measure</b>   | :<br><br>   |
| <b>Timeframe</b>   | :<br><br>   |

**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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