

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5401
COMPANY NAME : Tropicana Corporation Berhad
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is accountable and responsible for the performance and governance activities of Tropicana Corporation Berhad ("Tropicana") and its group of companies ("Tropicana Group" or "the Group") with a view of protecting shareholders' value and recognising the interests of all other stakeholders, namely customers, suppliers, contractors, employees, regulators, members of the communities and all others with whom Tropicana interfaces.</p> <p>The principal responsibilities of the Board in stewarding Tropicana Group are as follows:</p> <p>(a) Reviews and adopts the strategic plan for the Group</p> <p>The strategic business plan for the Group is presented to the Board for approval on an annual basis and the milestones achieved and progress of the strategic plan and financial targets are reported to the Board on a quarterly basis.</p> <p>(b) Constantly oversees the Group's business conducts to ensure the business is being properly managed</p> <p>To strengthen the Board's oversight of the Management, the Board has the following agendas in its quarterly meetings:-</p> <ul style="list-style-type: none">• the review of the operations of the Group by the Group Managing Director of the Company for the Central Region (non-Board member of Tropicana) and the Group Managing Director for the Northern and Southern Regions (non-Board member of Tropicana);• the reporting of the marketing and sales status of the Group

	<p>by its head, the Senior Executive Director of Marketing & Sales (non-Board member); and</p> <ul style="list-style-type: none"> • to review the development of material litigation and/or any new material litigation of the Group. <p>(c) Identifies the principal risks and ensure the implementation of appropriate systems to manage these risks</p> <p>The Board recognises that risk is an integral and unavoidable component of its business and is characterised by threats and opportunities. The Board is committed to managing risks in a proactive manner and to safeguard stakeholders' interest and the Group's assets, hence, the Risk Management Department and the Enterprise Risk Management program were formalised in the year 2012.</p> <p>In addition, the Group has implemented an on-going process to identify, evaluate, monitor, manage and respond to significant risks faced by the Group in its achievement of the business goals and objectives in consideration of the change in the business environment and regulatory requirements. This ongoing review process has been in place for the entire financial year under review by the Board to ensure that adequate and effective Group risk management and internal controls systems have been embedded in all aspects of the Group's activities.</p> <p>(d) Establish a succession plan for the Company</p> <p>The Group has a well-defined organisational structure with clearly defined lines of accountability, authority and responsibility of the Board and operating units. The Board has established Key Standard Operating Procedures to ensure proper succession planning is in place and consistent works are being delivered.</p> <p>(e) Oversee the development and implementation of an investor relations programme or shareholder communications policy for the Company</p> <p>Tropicana Group recognises and practices transparency and accountability to its shareholders and investors.</p> <p>The Group is committed to engaging and conducting constructive conversations with stakeholders that focus on Tropicana's values, best practices, transformation strategy, performance goals and long terms growth in order to create value for stakeholders and shareholders, both for the short and long-term. These sessions allowed Tropicana to build and sustain market confidence, helped the Group to make informed decisions, strengthen the relationships and ensure the delivery of Tropicana's commitments, both financial and non-financial.</p>
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	<p>The Group worked in partnership with the investing community, who consisted mainly of existing and potential shareholders, employees, customers and analysts, by providing them with timely, transparent, accurate and open communication on Tropicana's business performance. Tropicana also has an Investor Relations site at www.tropicana.com.my/investor-relations/ir-home that acts as an additional communication platform for stakeholders, shareholders and the general public to obtain information about Tropicana Group.</p> <p>Tropicana continues to be a member of the Malaysian Investor Relations Association (MIRA) as this keeps us informed on industry best practices and builds relationships with the community.</p> <p>(f) Review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines</p> <p>The Board has established an in-house Group Internal Audit Department ("GIAD") in the discharge of its duties and responsibilities. The function of the GIAD is guided by its Internal Audit Charter which defines the authority, duties, responsibilities and independence of all GIAD members. GIAD reports directly to the Audit Committee and maintains its impartiality, proficiency and due professional care. The principal responsibility of GIAD is to provide independent and objective assurance and advisory services designed to add value and improve the operations of the Group. This includes the continuous examination and evaluation of the adequacy and effectiveness of the Group's risk management, internal control and governance processes.</p> <p>(g) Ensure that the Company's financial statements are true and fair and conform with the laws</p> <p>The Board is responsible for ensuring that the financial statements of the Company and the Group are drawn up in accordance with the Financial Reporting Standards and the Companies Act 2016 so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and of their financial performance and cash flows for the year then ended. The Board is committed to providing a clear, balanced and comprehensive meaningful assessment of the Group's financial performance and prospects, primarily through the annual financial statements and quarterly announcements of results to shareholders. The Group's audited financial statements for the financial year ended 31 December 2017 are presented in pages 80 to 184 in the Company's Annual Report 2017.</p> <p>(h) Ensure that the Company adheres to high standards of ethics and corporate behaviour</p>
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	The Board acknowledges its leadership role in creating ethical values and observing ethical conduct. The Board adopts and observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, as the Board is fully supportive of the principles of the said Code of Ethics and finds it suitable for the Company to uphold the same principles. The Code of Ethics for Company Directors is annexed as "Appendix I" to the Board Charter which is available on the Company's website at www.tropicanacorp.com.my/about-tropicana/corporate-governance/board-charter .	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is led by Tan Sri Othman Bin Abd Razak, who assumes the role as an Independent Non-Executive Chairman of the Company with effect from 21 August 2017. Prior to that, the Chairman of the Board was Tan Sri Rastam Bin Mohd Isa, who relinquished his position due to his retirement as Director of the Company at the 38th Annual General Meeting held on 30 May 2017.</p> <p>The profile of Tan Sri Othman is set out in the Directors' Profile in the Annual Report 2017 of the Company.</p> <p>The Chairman carries out a leadership role in the conduct of the Board and in his relations with shareholders and other stakeholders. The key roles and responsibilities of the Chairman as set out in the Board Charter of the Company include:-</p> <ul style="list-style-type: none">• to lead the Board and to ensure the effectiveness of all aspects of the Board's role;• to ensure the efficient organisation and conduct of the Board's function and meetings;• to facilitate the effective contribution of all Directors at Board meetings;• to promote constructive and respectful relations among Directors, and between the Board and management; and• to ensure effective communication with shareholders and relevant stakeholders.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The distinct and separate roles of the Chairman and Group Chief Executive Officer ("CEO") are clearly defined in the Board Charter. The clear distinction of responsibilities between the Chairman and the Group CEO ensures a balance of power and authority, such that no individual or small group of individuals can dominate the Board's decision making. The separation of roles also allows the Chairman and the Group CEO to have sufficient time commitment in discharging their duties, meanwhile minimise the risk of conflicting interest and unfettered power in decision-making.</p> <p>The positions of the Chairman and the Group CEO were also held by two different individuals.</p> <p>The Independent Non-Executive Chairman, Tan Sri Othman Bin Abd Razak represents the Board to the shareholders and is responsible for the effective running of the Board. The Chairman carries a leadership role in Board's conducts and focuses on relationship management with the stakeholders of the Company.</p> <p>During the financial year and up to 30 November 2017, the Group CEO, assisted by the Deputy Group CEO and the Executive Directors were fully responsible for the effective running of the Group's operations and the implementation of the Group's business plans and policies established by the Board and also managing the daily conduct of the business to ensure its smooth operation. However, since the retirement of Dato' Yau Kok Seng as the Group CEO of Tropicana on 30 November 2017, the position of Group CEO has been left vacant. Presently, the day-to-day management of the Company's business is under the stewardship of Dato' Dickson Tan Yong Loong, the Deputy Group CEO.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries are capable of carrying out the duties and is a person qualified to act as a Company Secretary under Section 235(2) of the Companies Act 2016.</p> <p>The key role of the Company Secretary is to provide unhindered advice and services to the Directors as the need arises, and to enhance the effective functioning of the Board and to ensure regulatory compliance.</p> <p>The other primary responsibilities of the Company Secretary include:-</p> <ul style="list-style-type: none">• to advise the Board and management on the governance issues;• to ensure compliance of listing and related statutory obligations;• to attend the Board, Board Committees and general meetings, to ensure Board meeting procedures are followed and also proper recording of minutes;• to ensure the proper maintenance of statutory registers and records;• to assist the Chairman in the preparation and conduct of meetings;• to update the Directors on any new changes and development to the statutory or regulatory requirements concerning their duties and responsibilities as well as those concerning the Company; and• to assist the communications between the Board and management.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs to enable them to discharge their duties. All Directors are provided with reports and other relevant information on timely manner, covering various aspects of the Group's operations and performance.</p> <p>As best practices, notices of Board meetings are to be given in writing at least seven (7) days prior to the meeting, unless there are matters requiring urgent attention. The Directors are also provided with the agenda and a set of board papers pertaining to agenda items prior to Board meetings to allow sufficient time for the Directors to review, consider and deliberate on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.</p> <p>The Management is responsible for furnishing the Board with all information that may assist the Board in discharging its responsibilities and to facilitate informed decision making. Senior management of the Group, external auditors and advisors are also invited to attend Board meetings on specific items on the agenda which require clarification. The Board will also be briefed on latest updates on the Group's business activities.</p> <p>The Company Secretary attends all Board meetings and ensure all proceedings of the meetings including issues raised, deliberations and decisions of the Board, including the Directors who abstained from deliberating or voting, are properly minuted. The draft minutes of meetings are circulated in a timely manner upon conclusion of the meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formally adopted a Board Charter, which serves as a reference point for Board activities, particularly in relation to the role, structure and processes related to key governance activities of the Board.</p> <p>The Board Charter outlines, among others, the following items:</p> <ul style="list-style-type: none"> (i) The roles and responsibilities of the Board; (ii) Board Composition and Balance; (iii) The role of Chairman and other top senior management of the Company; (iv) Board processes and Board meetings; (v) Matters reserved for the Board; (vi) Board Committees and their defined terms of reference; (vii) Stakeholder communication; and (viii) Accountability and Financial Reporting. <p>The Board Charter will be periodically reviewed by the Board as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities.</p> <p>A copy of the Board Charter is available at the Company's website at www.tropicana.com.my/about-tropicana/corporate-governance/board-charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its leadership role in creating ethical values and observing ethical conduct. In ensuring that all Directors commit to upholding of ethical values and conduct that promotes sincerity, integrity, responsibility and corporate social responsibility, the Board adopts and observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia.</p> <p>A copy of the Code of Ethics for Company Directors is annexed as "Appendix I" of the Board Charter and is available at the Company's website at www.tropicanaCorp.com.my/about-tropicana/corporate-governance/board-charter.</p> <p>The Company has also in place a separate Code of Conduct to govern the conduct and discipline of the Tropicana's employees, which is under the administration of the Group Human Resource. This Code of Conduct is also available at the Company's website at https://www.tropicanaCorp.com.my/about-tropicana/corporate-governance/ghr-code-of-conduct.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>A formal Whistle-Blowing Policies and Procedures (“WBP”) has been implemented by the Company since 1 June 2017. The WBP is to provide an avenue for all employees of Tropicana Group and members of the public to disclose any improper conduct within Tropicana Group in accordance with the procedures as provided under this policy and to provide protection to the employees and members of the public who report such allegations. This policy is also included in the Group's Employee's Handbook.</p> <p>The WBP is available on the Company's website at www.tropicana.com.my/about-tropicana/corporate-governance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>As at 31 December 2017, the Board comprises nine (9) members, five (5) of which were Independent Directors as follows:</p> <ul style="list-style-type: none">• Tan Sri Othman Bin Abd Razak (Chairman)• Datuk Tang Vee Mun• Mohd Najib Bin Abdul Aziz• Datuk Lim Thean Shiang• Dato' Gan Nyap Liou @ Gan Nyap Liow <p>On 9 April 2018, the Board appointed Ms. Kang Ai Lin as an Independent Non-Executive Director of the Company and on even date, the Company had also announced the resignation of Dato' Gan Nyap Liou @ Gan Nyap Liow as Independent Non-Executive Director of the Company.</p> <p>Presently, the Board comprises five (5) Independent Directors out of nine (9) Board members.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:	<p>The Board Charter indicates the restriction for the tenure of an Independent Director to a cumulative term of nine (9) years.</p> <p>At present, the Company has not sought shareholders’ approval to extend the tenure of an Independent Director beyond nine (9) years.</p> <p>The Board took note on the requirements under Practice 4.2 of MCCG, if the Board continues to retain an independent director after serving twelfth years with the Board, the Board would be seeking annual shareholders’ approval for such retention through a two-tier voting process.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee established by the Board, is entrusted with the responsibility of recommending new appointments to the Board and Board Committees of Tropicana as well as to the Board of the entities where the Company has interests. The duties of the Nomination Committee is detailed in its terms of reference, which is annexed to the Board Charter as “Appendix III” and is accessible for reference on the Company’s website at www.tropicana.com.my/about-tropicana/corporate-governance/board-charter.</p> <p>The selection criteria of members for Board composition is primarily based on the merits of competency, knowledge, experiences, expertise, skills, character, integrity and time commitment of the candidates, as well as taking into consideration gender, ethnicity and age.</p> <p>Currently, the Board comprises members from diverse backgrounds ranging from property development, investments, finance, corporate finance, audit, legal, business and general management, technology consulting and public administration, all of which provide the Group with a diversity of views and a wealth of expertise, experiences and networks to draw upon.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board recognises the challenges in achieving the right balance of gender diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time.</p> <p>Nevertheless, the Company has taken its initiative in fulfilling its corporate governance goals on gender diversity by appointing Ms. Kang Ai Lin on 9 April 2018, a female director on the Board. Her appointment does indeed bring about more vibrancy to the Board.</p> <p>The Board will continuously search for additional women candidate in its recruitment exercise.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company is committed to putting its efforts in getting suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board.
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Pursuant to the terms of reference of the Nomination Committee, for new appointment to the Board, the Nomination Committee shall consider candidates for directorship proposed by any Director or shareholder of the Company or, within the bounds of practicality, by the Group Chief Executive Officer or any other senior executive.</p> <p>During the financial year 2017 and up to 9 April 2018, the Nomination Committee, after due consideration on the potential candidates that proposed by the shareholder as well as referrals from external parties, had recommended to the Board the appointments of the following three (3) Directors:-</p> <p>(a) Datuk Lim Thean Shiang; (b) Tan Sri Dr Lim Wee Chai; and (c) Kang Ai Lin.</p> <p>The Nomination Committee had reviewed their profiles, curriculum vitae, the relevant certificates of academic qualifications and the disclosure of their other directorships; and had considered their background, academic qualifications, skills, experiences and competencies for appointment as Directors of the Company.</p> <p>The Nomination Committee had noted that the proposed appointments would have the following benefits:-</p> <p>(a) strengthen the independence of the Board (five (5) Independent Non-Executive Directors out of nine (9) Board members of the Company); (b) increase the number of Independent Non-Executive Directors with accounting background recognised under paragraph 9.27(b)(ii) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; (c) increase the choices of candidates for appointment in Board Committees; and (d) fulfilled its corporate governance goals on gender diversity.</p> <p>The Nomination Committee would be considering the composition of the Board of Directors of the Company in terms of mix of skills and the Board size, prior to recommending any appointments to the Board.</p>

	Moving forward, the Board will continue sourcing new directors via different directors recruitment agencies, or referrals from external parties.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>As at 31 December 2017, the Nomination Committee was chaired by Dato' Gan Nyap Liou @ Gan Nyap Liow, the Senior Independent Non-Executive Director of the Company. Following the resignation of Dato' Gan as Director of the Company on 9 April 2018, the Board has appointed Datuk Lim Thean Shiang to be the Chairman of the Nomination Committee of the Company.</p> <p>The present composition of the Nomination Committee is as follows:</p> <ul style="list-style-type: none"> (i) Datuk Lim Thean Shiang (Independent Non-Executive Director) (ii) Datuk Tang Vee Mun (Independent Non-Executive Director) (iii) Encik Mohd Najib Bin Abdul Aziz (Independent Non-Executive Director)
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>With regards to the Board evaluation for the financial year 2017, the Nomination Committee had conducted annual assessment in the following aspects:-</p> <ul style="list-style-type: none">(i) the effectiveness of the Board as a whole;(ii) the effectiveness of the Board Committees;(iii) the contributions of each individual Director; and(iv) the independence of the Independent Directors. <p>The criteria on the evaluation of the effectiveness of the Board as a whole related to, amongst others, the appropriate composition and committees in correspondence to the Board's oversight duties and the development of the Company's strategy, the right mix of skills and experience to optimise performance, and the clear definition of the roles and responsibilities of the Board and individual Director.</p> <p>The criteria on the evaluation of the effectiveness of the Board Committees related to, inter alia, the right composition of each Board Committee in terms of number and expertise, whether each Board Committee properly discharges its duties and responsibilities, and whether each Board Committee provides useful information and recommendations that assist the Board makes better decision.</p> <p>The criteria on the evaluation of the contributions of each individual Director related to, such as, whether the Director shares his insights, adds value to the Board, applies analytical and conceptual skills to the decision-making process, provides realism and practical advice to Board deliberation, as well as assesses and links short-term issues to the long-term strategy of the Company.</p> <p>With regards to the assessment on the independence of the Independent Director, each Independent Director did a self-evaluation of his independence based on the criteria of independence as defined under paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and signed-off a confirmation slip</p>

	<p>accordingly. In addition, each Independent Director self-checked his ability to advise the Board of Directors of the Company on matters relating to any existing transactions where conflict of interest exists and on matters requiring deliberation by Independent Directors such as related party transactions. Each Independent Director also re-checked and stated his tenure of service as Independent Director in the Company in the confirmation slip. The said confirmation slip was reviewed by the Nomination Committee.</p> <p>All assessments and evaluations carried out by the Nomination Committee were properly documented.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board has established a formal process to determine and approve the remuneration of the Directors and senior management, and it is periodically reviewed.</p> <p>The Remuneration Committee is also established by the Board to assist the Board in assessing the remuneration packages of the Directors and key personnel of the Group.</p> <p>The policy practised on Directors' remuneration by the Remuneration Committee is that the level of remuneration shall be aligned with the business strategy and long-term objectives of the Group, and shall reflect the caliber, competency, experience, skills, expertise, responsibilities and commitment of the key personnel as well as the complexity of the Group's activities. Thus, the components of the compensation and benefits of the key personnel shall be structured so as to link rewards to corporate and individual performance and should be sufficient to attract, motivate and retain Directors of the quality required to effectively manage the businesses of the Group.</p> <p>In the case of Non-Executive Directors, the level of remuneration shall reflect the contributions, commitment, experience, expertise and responsibilities undertaken by the Non-Executive Director concerned and the complexity of the Group's activities.</p> <p>All Directors had abstained from discussion and decision on their own remuneration.</p> <p>The policies and procedures to determine the remuneration of Directors and senior management are not published on the Company's website.</p>

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Remuneration Committee which comprises a majority of Non-Executive Directors.</p> <p>The objective of the Remuneration Committee is to recommend to the Board, the compensation and benefits including bonuses and severance payments to the Directors and key personnel, to ensure adequate, fair and competitive compensation and benefits thereby enabling the Group to attract, retain and motivate high caliber e key personnels.</p> <p>The Remuneration Committee is operates within its defined Terms of Reference, the copy of which is annexed as "Appendix IV" of the Board Charter which is available at the Company's website at www.tropicana.com.my/about-tropicana/corporate-governance/board-charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The remuneration of individual Directors of the Company, including the remuneration for services rendered to the Group for the financial year 2017 is disclosed on a named basis in the Company's Annual Report 2017. The remuneration breakdown of individual directors includes remuneration, Directors' fees and meeting allowance.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Applied
Explanation on application of the practice	:	As recommended by the MCCG, the remuneration of the top three (3) Key Senior Management personnel on a named basis for the financial year 2017 in bands of RM50,000 has been disclosed in the Corporate Governance Overview Statement of the Company's Annual Report 2017.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee is Encik Mohd Najib Bin Abdul Aziz while the Chairman of the Board is Tan Sri Othman Bin Abd Razak.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has always recognised the need to uphold the independence of the Audit Committee. The requirement to observe the cooling-off period by a former key audit partner prior to the appointment as a member of Audit Committee has been practiced by the Company, despite it was not expressly stated in the terms of reference of the Audit Committee. Nevertheless, none of the present Board members or members of the Audit Committee are former key audit partners of the Company's external auditors.	
		The Board would adopt the best practice of requiring a cooling-off period of at least two (2) years before a former key audit partner being appointed as a member of the Audit Committee when the Board reviews the terms of reference of the Audit Committee in due course.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>In assessing the independence of the external auditors, the Audit Committee will take into consideration the experience and tenure of the external auditors, the nature and level of the services provided, and the effectiveness of the audit process.</p> <p>In addition, the external auditors had given their confirmation to the Audit Committee that they were independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. There is also a policy within the external auditor firm to rotate the partner-in-charge after five (5) years of audit engagement with the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises solely of Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Throughout the financial year 2017, the Audit Committee was made up of no fewer than three (3) members, who were all Independent Non-Executive Directors. The composition of the Audit Committee meets the requirements of paragraphs 15.09 and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Chairman of the Audit Committee, Encik Mohd Najib Bin Abdul Aziz is a member of the Malaysian Institute of Accountants. He is also a member of the Institute of Chartered Accountants in Australia (ICAA). All members of the Audit Committee are financially literate.</p> <p>The Board, through the Nomination Committee, reviews the terms of office of the Audit Committee and assesses the performance of the Audit Committee and each of its members in accordance with the requirements of paragraph 15.20 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>All members of the Audit Committee have undertaken continuous professional development during the financial year 2017. The training programmes attended by the Audit Committee members are stated in the Corporate Governance Overview Statement of the Company's Annual Report 2017.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness. The Board is committed to managing risks in a proactive manner and to safeguard shareholders' interest and the Group's assets. Due to the limitations that are inherent in any systems of risk management and internal control, the Board recognises that these systems adopted by the Group are designed to manage rather than to eliminate the risk of failure to achieve its business objectives and these systems can only provide reasonable but not absolute assurance against any material financial misstatement, fraud or loss.</p> <p>The Board recognises that risk is an integral and unavoidable component of its business and is characterised by threats and opportunities, hence, the Board had formalised the Risk Management Department and the Enterprise Risk Management program in year 2012.</p> <p>During the year 2017, the Board is satisfied that the Group has implemented an ongoing process to identify, evaluate, monitor, manage and respond to significant risks faced by the Group in its achievement of the business goals and objectives in consideration of the change in the business environment and regulatory requirements. This ongoing review process has been in place for the entire financial year under review to ensure that adequate and effective Group risk management and internal control systems have been embedded in all aspects of the Group's activities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board, through the Risk Management Committee oversees the risk management matters of the Group, with the main responsibility for risk oversight, amongst others, to set out the objectives, strategy and scope of risk management activities for Tropicana Group and to ensure that the Group's risk management strategy and methodology have been implemented and consistently applied. The Risk Management Committee is governed by its defined terms of reference, which is annexed to the Board Charter as "Appendix V" and is available at the Company's website at www.tropicana.com.my/about-tropicana/corporate-governance/board-charter.</p> <p>The key features of the risk management and internal control framework, together with its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2017 of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Risk Management Committee of the Company comprises the following members:</p> <ul style="list-style-type: none">• Datuk Lim Thean Shiang (Independent Non-Executive Director)• Datuk Tang Vee Mun (Independent Non-Executive Director)• Mohd Najib Bin Abdul Aziz (Independent Non-Executive Director)• Dato' Dickson Tan Yong Loong (Deputy Group CEO)• Dion Tan Yong Chien (Group Managing Director)

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is supported by an independent and adequately resourced in-house Group Internal Audit Department (“GIAD”) in the discharge of its duties and responsibilities. The function of the GIAD is guided by its Internal Audit Charter which defines the authority, duties, responsibilities and independence of all GIAD members.</p> <p>GIAD reports directly to the Audit Committee and maintains its impartiality, proficiency and due professional care. The principal responsibility of GIAD is to provide independent and objective assurance and advisory services designed to add value and improve the operations of the Group. This includes the continuous examination and evaluation of the adequacy and effectiveness of the Group’s risk management, internal control and governance processes.</p> <p>The audit approach and objectives are based on the guidance of the Institute of Internal Auditors’ International Professional Practices Framework and the Committee of Sponsoring Organisations of the Treadway Commission Internal Control – Integrated Framework.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose—

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Internal Audit Department (“GIAD”) is headed by Ms. Rachel Ng, who is an associate member of The Institute of Internal Auditors Malaysia and CPA Australia, and a member of the Malaysian Institute of Accountants. The GIAD reports directly to the Audit Committee in order to maintain its impartiality, proficiency and due professional care.</p> <p>There are 7 internal auditors within the GIAD including the Head of Internal Audit, all of whom possess professional qualifications and are the members of the Institute of Internal Auditors Malaysia. All internal audit staff are encouraged to continuously enhance their knowledge, skills and competencies through relevant professional courses, seminars, training courses and on-the-job training.</p> <p>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> <p>The function of the GIAD is guided by its Internal Audit Charter which defines the authority, duties, responsibilities and independence of all GIAD members.</p> <p>The audit approach and objectives are based on the guidance of the Institute of Internal Auditors’ International Professional Practices Framework and the Committee of Sponsoring Organisations of the Treadway Commission Internal Control – Integrated Framework.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>Tropicana Group recognises and practices transparency and accountability to its shareholders and investors. As such, the Group ensures timely dissemination of information through appropriate channels of communications to shareholders and investors to ensure that they are properly informed of major developments of the Group. Such information is communicated to them through the annual reports, press releases and the various disclosures and announcements made to Bursa Malaysia Securities Berhad from time to time, including the quarterly and annual results. These information and documents are accessible on Bursa Malaysia's website at www.bursamalaysia.com. The Company attends to the requests of analysts and fund managers for briefings from time to time.</p> <p>The Group worked in partnership with the investing community, who consisted mainly of existing and potential shareholders, employees, customers and analysts, by providing them with timely, transparent, accurate and open communication on Tropicana's business performance.</p> <p>Tropicana's website at www.tropicana.com.my also provides an avenue for shareholders and members of the general public to access information pertaining to Tropicana Group, which is being updated regularly.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company is not a Large Company under the MCCG.</p> <p>Meanwhile, all information such as business of the Company, policies on governance, environment and social responsibility and periodic official announcements including the Annual Report are made available on the Company's website.</p> <p>In addition, the efforts to enhance and improve the format and structure of the consolidated information are still ongoing.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	28 days' notice period is given in respect of the Company's forthcoming Annual General Meeting to be held on 30 May 2018.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Tan Sri Rastam Bin Mohd Isa and Dato' Gan Nyap Liou @ Gan Nyap Liow were absent for the 38th Annual General Meeting held on 30 May 2017 due to unforeseen urgent matter required them to attend to.
	:	In the absence of Tan Sri Rastam, being the Chairman of the Board, the Board has appointed Tan Sri Othman Bin Abd Razak as the Chairman to chair the Annual General Meeting held on 30 May 2017.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	<p>It has been the practice of the Company that all Board members present at the general meetings of the Company. The Board is committed to attend all general meetings to foster effective two-way communication between the shareholders and the Board. The Board is fully aware of its responsibility to engage shareholders and provide meaningful responses to their questions.</p> <p>In the event that any of the Director is unable to attend and participate at a general meeting due to unforeseen circumstances, the affected Director will be updated on the matters discussed after the conclusion of the general meeting.</p>
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	The Company has always conducted its general meetings in Tropicana Golf & Country Resort to enable shareholders to attend the meetings. As a matter of compliance, the Company also gave sufficient time and notice to all shareholders for inquiries, to send in proxies and corporate representatives.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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