

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7854
COMPANY NAME : Timberwell 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") of Timberwell Berhad is responsible for the leadership, oversight, control, development and long-term success of the Group. It is also responsible for instilling the appropriate culture and behaviour through the Group.</p> <p>The Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter.</p> <p>The Board acknowledges the essential of ensuring that the Company's strategies promote sustainability. As in the timber industry, the Board is strongly aware of the importance of balancing of environmental, social and governance aspect with the interest of various stakeholders is essential to enhancing investors' perception and public trust.</p> <p>The Board has set the Management authority limit and retained its authority of approval on significant matters. The Board has also formalised its responsibilities and functions as well as the division of responsibilities and powers between the Board, Board Committees and Management in its Board Charter. This Board Charter also provides a basis to the Board in assessing its own performance and that of its individual directors. Key matters such as approval of annual and interim results, acquisitions and disposals, as well as material agreements are reserved for the Board.</p> <p>As set out in Board Charter, the Board, whilst supportive of the Management, must:-</p> <ul style="list-style-type: none">• together with senior Management, promote good corporate governance culture within the company which reinforces ethical, prudent and professional behavior;• review, challenge and decide on Management's proposals for the Company, and monitor its implementation by Management;

- ensure that the strategic plan of the company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess management performance to determine whether the business is being properly managed;
- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior Management;
- ensure that the Company has in place procedures to enable effective communication with stakeholders;
- ensure that all its directors are able to understand financial statements and form a view on the information presented; and
- ensure the integrity of the Company's financial and non-financial reporting.

The Board has established Board Committees such as Audit Committee, Nominating & Remuneration Committee ("NRC") and Risk Management Committee ("RMC"). Each Committee has distinctive functions, roles and responsibilities. All the Committees are headed by Independent Directors and they are well-resourced. The Board is also being assisted and advised by competent company secretaries, external auditors and internal auditors in carrying out their functions.

These Committees oversee the broad strategic areas within the Group such as audit and finance, risk, remuneration, sustainability and ethics, Board renewals, succession planning of the Board and Key Senior Management and related matters. Each of the Committees operates under clearly defined Terms of Reference ("TOR") setting out its duties, authority and reporting responsibilities, to oversee and deliberate matters within their purview.

The TORs for the respective Committees are reviewed on a regular basis by each Committees to ensure they remain appropriate, approved by the Board and made available on the Company's website. The Chairman and members of each Committees are nominated by the Board. The Chairman of each Committees' report to the Board on the outcome of the Committees' meetings and resolutions, which would also include the key issues deliberates at the Committees' meetings.

These Committees have the authority to examine particular issues and report the same to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

	<p>The Board meets quarterly to review performances and strategies of the Group. When the need arises, special Board Meetings will be convened.</p> <p>The responsibility for the operation and administration of the Group is delegated by the Board to the Chief Executive Officer (“CEO”) and Management. The Board is kept abreast of the overall business activities of the Company and the strategic plans of the Group through the updates from Management at the quarterly meeting.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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 role of the Chairman is to lead and manage the business of the Board to provide direction and focus, whilst ensuring there is a clear structure for the effective operation of the Board and its Committees.</p> <p>The Chairman encourages healthy debates on issues brought to the Board. Board members are given an opportunity to explain their point of view to which the others listen and respond.</p> <p>The Chairman's responsibilities include the following:-</p> <ol style="list-style-type: none">1. To ensure the smooth functioning of the Board;2. To act as facilitator at meetings of the Board to ensure that no directors, whether executive or non-executive, dominate discussion, that appropriate discussion takes place and that relevant opinion among directors is forthcoming;3. To inculcate positive culture in the Board;4. To ensure that all relevant issues are on agenda for Board meeting and all directors are able to participate fully in the Board's activities;5. To ensure that the Board debates strategic and critical issues; and6. To ensure that the Board receives the necessary information on a timely basis from management.7. To lead the Board in establishing and monitoring good corporate governance practices in the Company; and8. To ensure appropriate steps are taken to provide effective communication with stakeholders and their views are communicated to the Board as a whole.9. To manage the interface between the Board and Management.10. To encourage active participation and allowing dissenting views to be freely expressed.
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and the CEO are held by different individuals, there is a clear division of responsibilities which ensure a continued balance of power and authority.</p> <p>The Chairman of the Company, Mr Wong Chong Kim is a Non-Independent Non-Executive Director and was appointed on 25 May 2022. The Chairman is primarily responsible for the stewardship and smooth functioning of the Board.</p> <p>Datuk Pau Chiong Ung has been appointed to assume the role of CEO with effective from 23 May 2006. The CEO is responsible for the management of the Group's operation and business as well as implementation of business plan and strategies, policies and decisions approved by the Board, discuss with them at Board Meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory developments, and is further supported by a management team whose members are tasked oversee key operating areas within the Group.</p> <p>The sound operation of the Company depends critically on its CEO. Datuk Pau is committed to devote full attention and time to discharge his duties and responsibilities effectively and diligently.</p> <p>As Datuk Pau is directly responsible for the day-to-day operations of the Company, he is familiar with the operations of the Company, the state of internal controls, requirements of regulations, as well as current issues and policies affecting the industry in general. He has acquired the necessary knowledge and professional competence in the conduct of the Company's business.</p> <p>The details of the role and functions of the Chairman and CEO are stated in the Board Charter which is available in the Company's website http://timwell.com.my</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Applied
Explanation on application of the practice	: The Chairman of the Board, Mr Wing Chong Kim is not member of the Audit Committee nor Nomination & Remuneration Committee of the Company. He does not attend nor participate in any of the committees' meetings by way of invitation or in any other capacity.
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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by the Company Secretaries who are qualified to act pursuant to Section 235(2) of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretaries include, but are not limited to the following:</p> <ul style="list-style-type: none"> • To manage all Board and Board Committees meeting, attend and record minutes of all Board and Board Committees meetings and facilitate Board communications; • To guide the Board on its roles and responsibilities; • To guide the Board on corporate disclosures and compliance with Listing Requirements, Company's Constitution, Companies Act 2016 and other relevant rules and regulations; and <p>The Directors have unrestricted access to the services of the Company Secretary to enable them to discharge their duties effectively.</p> <p>The Board is regularly updated and apprised by the Company Secretary on the current governance practices and regulations issued by the regulatory authorities.</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

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.

Application	: Applied
Explanation on application of the practice	<p>The Board meets on a quarterly basis, with additional meetings convened as and when necessary. All the proceedings at the Board meetings are properly minuted and signed by the Chairman. The Board follows formal schedules for meeting and all the Board members are adequately provided with status report and Board papers to assist them to make decisions in the best interest of the Company at all times. The Board papers include, among others, the following documents or information:</p> <ul style="list-style-type: none">• Reports of meetings of committees of the Board, including matters requiring the full Board's deliberation and approval; and• Performance reports of the Group, which include information on financial, strategic business issues, major operational issues and updates. <p>Management and professional advisors may be invited by the Board, should there be a need, for information or advice on matters that require expert knowledge.</p> <p>The Chairman of each Board Committee would inform the Board on any issue deliberated at the Board Committee meetings which require the Board's attention and approval.</p> <p>The Directors have direct access to Management and unrestricted access to any information relating to the Company and its Group in discharging their duties.</p> <p>The Company Secretary were entrusted to record the Board's deliberations, in terms of the issues discussed and the conclusions. The minutes of the previous Board meeting is distributed to the Directors prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. The Company Secretary also assists on the information flow within the Board and between the Board, Board Committees and Management.</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 Charter serves to ensure that all Board members acting on the Group's behalf are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with Corporate Governance principles.</p> <p>The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter was last reviewed and approved by the Board on 28 March 2023 and is available on the Company's website http://timwell.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Ethics and Conduct serves as a formal commitment by Directors, Management and Employees to conduct themselves professionally at all times and to do business in a transparent, appropriate and fair manner.</p> <p>The Directors and employees of the Group are responsible for safeguarding the business and reputation of the Group. The Code of Conduct and Ethics was formulated to provide clear direction on conduct of business, general workplace behaviour and dealing with stakeholders. The Board encourages all employees and stakeholders to report suspected inappropriate behaviour or misconduct (including fraud, corruption and abuse of power).</p> <p>The Board reviews the Code of Ethics and Conduct periodically or as and when the need arises to ensure that it is kept contemporaneous. The Code has been reviewed by the Board on 28 March 2023.</p> <p>The Company also has the Anti-Bribery & Corruption Policy ("ABC Policy") in placed to ensure that it has adequate procedures to prevent persons associated with the Group from undertaking corrupt conduct in relation to the business activities.</p> <p>The Code of Ethics and Conduct and ABC Policy are available on the Group's website at http://timwell.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is committed in preserving and protecting the interest and reputation at all times. In this respect, the Board has established and adopted a Whistleblowing Policy (“WP”) as an avenue for all employees, business associates and members of the public to raise genuine concerns about malpractices and unethical behaviour or misconduct without fear of reprisal. Any concerns raised will be investigated and outcome of such investigation will be reported to the Board. The Whistle blowers are assured that their identity is kept confidential and their concern will be acted upon.</p> <p>For the year under review, the Company receive zero report in relation to anti-corruption cases through the reporting channel.</p> <p>The WP has been reviewed by the Board on 28 March 2023 and published in the Company’s website at http://timwell.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board takes cognisance of the importance of improving the values affecting stakeholders, employees, society and the environment to wards sustainability of the Group's business. Thus, the Board together with Management takes responsibility for the governance of sustainability strategies, priorities and targets. The Board with the assistant of Management, oversees and evaluates the Environmental, Social and Governance ("ESG") issues and any other external matters that may affect the development of the Group's business or interest of the shareholders, ensuring that the Company's strategics promote sustainability.</p> <p>The Board has entrusted Executive Committee as the steering committee and assists the Board in providing a more focused oversight of the Group's policies, programmes and related risks which concerns and sustainability matters.</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 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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group reckons the importance of establishing close relationships with both internal and external stakeholders, where all the businesses and functional units are empowered by the Group to regularly engage with their respective stakeholders to ensure that material issues impacting stakeholders’ interest are addressed in the practices and business strategies.</p> <p>The ESG priorities, targets and progress are reported in the Sustainability Statement of the Annual Report and its serves as the main communication tool of Group’s sustainability to the internal and external stakeholders.</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 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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is mindful of the importance for its members to have an adequate understanding of the industry issues that may pose a threat to the sustainability of the Group’s business, and that they should possess the appropriate skills and experience to manage those risks.</p> <p>The Board, with the assistance from the NRC, reviews the training needs of the Directors and the composition of the Board to ensure the Directors are ESG competent, kept abreast with market trends, changes in regulatory climate, and to ensure the Board has a mix of financial, legal, management, sustainability and other backgrounds which could provide the Company with considerable experience in various aspects when working in synergy.</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 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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the importance of sustainability within its business operation and will enhance the existing annual assessment of the Board and senior management by include the assessment on Board and senior management's understanding on sustainability issues.	
		The Board has revised the Board Performance Evaluation Form to include the assessment of the Board's performance in addressing sustainability risks and opportunities. The annual assessment of the Board for the financial year 2022 has reviewed the Board's performance in ESG aspects.	
<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 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.

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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>On annual basis, the relevant assessment and review forms / questionnaires in relation to the board evaluation will be circulated to all the Directors to complete in advance of the meeting of the NRC in order to collate the assessment results for the NRC's review. Annual board review was conducted by the NRC to assess and evaluate the board's effectiveness during the financial year.</p> <p>During the FY 2022, the following Directors are subject to retirement pursuant to the Constitution of the Company at the 27th Annual General Meeting ("AGM") of the Company to be held on 24 May 2023:</p> <p>a) Datuk Yap Pak Leong b) Madam Agnes Soei-Tin Lamey</p> <p>The NRC reviewed and assessed the performance of the above-mentioned board members who have offered themselves for re-election at the 27th AGM.</p> <p>At the 26th AGM held in 2022, the Company obtained shareholders' approval via a two-tier voting process to allow Datuk Yap Pak Leong, whose tenure had exceeded the 9 years, to continue as an Independent Non-Executive Director ("INED") of the Company until the conclusion of the 27th AGM.</p> <p>With the amendment to Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") to limits the tenure of an independent director in a listed issuer or any of its related corporations to not more than a cumulative period of 12 years from the date of his first appointments, all long serving independent directors must resign or be re-designated as non-independent directors by 1 June 2023.</p> <p>Datuk Yap Pak Leong, who has served as an INED of the Company for a cumulative period more than 12 years, shall re-designate from has exceeded his tenure of more than 12 years and therefore he will be re-designated as Non-Independent Non-Executive Director ("NINED") at the conclusion of the 27th AGM.</p>

	The Board has also through the recommendation by the NRC, adopted a Directors' Fit and Proper Policy in financial year 2022, as such, the Board and the NRC will conduct the fit and proper assessment prior to the appointment of any candidate as a director, or making recommendation for the re-election of an existing director to enhance the governance of the Company in relation to the Board's quality and integrity.	
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 5.2

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>At present, the Board comprises of majority Independent Non-Executive Directors i.e. one (1) Non- Independent Non-Executive Director, four (4) Independent Non-Executive Directors and one (1) Alternate Director. The composition of the Board meets the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, of at least one-third (1/3) of the Board being independent. The Independent Non-Executive Directors make up the majority of the composition of the Board.</p> <p>The Board recognises the important contribution that Independent Non-Executive Directors make to good corporate governance. These Independent Non-Executive Directors provide a diversity of perspective and view that allows for more robust, thoughtful discussions and a detailed vetting of proposals. The diversity in views enables decisions to be made based on a more thorough analysis of matters arising, and therefore, decisions are made more objectively.</p> <p>All Independent Non-Executive Directors have declared their "Independence Status" to 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

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.

Application :	Applied	
Explanation on application of the practice :	The Company had adopted the recommendation of the Malaysian Code on Corporate Governance 2021 ("MCCG") that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. For a Director retained as an Independent Director after the nine (9) years, the Board shall seek shareholders' approval annually through a two-tier voting process. For the financial year 2022, each of the INEDs had provided their annual confirmations of independence to the Board based on the Company's criteria of assessing independence in line with the definition of "independent directors" prescribed by the MMLR.	
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 5.4 - Step Up

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

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

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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place formal and transparent procedures for the appointment of new Directors and Senior Management i. The Company strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which includes the selection of Board members. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.</p> <p>The NRC is responsible for reviewing, considering, and recommending candidates for the Board and Senior Management. It assists the Board in reviewing the required mix of expertise, skills and experience of the Board and Senior Management whilst considering the current and future needs of the Company and Boardroom diversity.</p> <p>The NRC evaluates and matches the criteria of the candidates based on the Directors' Fit and Proper Policy adopted by the Company in May 2022, which is published on the Company's website. The NRC will consider diversity, including gender, where appropriate, and recommends to the Board for appointment. Consideration will be given to those individuals possessing the identified skill, talent, and experience. The ultimate decision will be based on merit and contributions that the selected candidates will bring to the Board and Management.</p> <p>To ensure the Directors have sufficient time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold more than five (5) directorships in public listed companies.</p> <p>The appointment procedures and requirements are set out in the Board Charter and the Directors' Fit and Proper Policy.</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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has entrusted the NRC with the responsibility to identify and recommend suitable candidates for Directorships to the Board. The NRC leverages on several sources and gain access to a wide pool of potential candidates. The responsibilities of the NRC are outlined in the Terms of Reference.</p> <p>In evaluating potential candidates, the NRC will access directorship suitability based on objective criteria, including:</p> <ul style="list-style-type: none">• Qualifications;• Required competencies, skills, expertise and experience;• Specialist knowledge or technical skills;• Professionalism and Integrity; and• Commitment to the Company. <p>The Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors, but trust that the nomination has its merits. The NRC and the Board will review and decide whether the candidates are suitably qualified to be appointed as Independent Director of the Company.</p> <p>The NRC is open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</p> <p>Company would consider outsourcing future candidates for Company's Director especially from the same industry in Sabah.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The performance of retiring Directors recommended for re-election at the 27th AGM have been assessed through the Board annual evaluation (including the independence of INED). A statement by the Board and NRC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the AGM was stated in the notes accompanying the Notice of AGM.</p> <p>The profile of the Directors who were due for retirement and offered themselves for re-election, which included the nature of interest with the Company, whichever applicable, were set out in the Annual Report 2022 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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is chaired by Senior Independent Non-Executive Director, Datuk Yap Pak Leong.</p> <p>The NRC comprises all non-executive as below:</p> <ol style="list-style-type: none"> 1) Datuk Yap Pak Leong (Senior Independent Non-Executive Director) 2) Madam Agnes Soei-Tin Lamey (Non-Independent Non-Executive Director) 3) Mr Michael@Radio bin Luban (Independent Non-Executive Director) <p>The detailed terms of references of the NRC is made available on the Company's website at http://timwell.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Presently, there is one (1) female Director on the Board out of a total of five (5) Directors.	
		The Board takes cognisance of the recommendation of the Malaysian Government to have at least 30% women as decision makers in corporate sector. The Board has adopted a Diversity Policy and through its NRC should take steps to ensure that women candidates are considered as part of its future selection of candidates for Board and Senior Management positions.	
The Board when sourcing for suitable candidates for any vacant Board position in the future, would take into consideration suitably qualified female candidates in line with the recommendation of the MCGG.			
<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 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges the importance of boardroom diversity and the recommendation of the Malaysian Code on Corporate Governance pertaining to the establishment of a gender diversity policy.</p> <p>The Company adopts a policy of non-discrimination on the basis of race, age, religion and gender. Thus, the Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs 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

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>	
Application	: Applied
Explanation on application of the practice	: <p>The NRC carried out the annual evaluation for assessing the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director. The evaluation was conducted using the Evaluation Forms which set out the assessment criteria as approved by the Board which covered areas such as the Board Structure, Board operations, roles and responsibilities of the Board, the Board Committees and the Chairman's roles and responsibilities. For Individual Assessment, the assessment criteria include contribution in respect of interaction, quality of inputs, and understanding of role.</p> <p>For the financial year ended 31 December 2022, the NRC has assessed the effectiveness of the Board as a whole, the Board Committees, contribution of each individual Director and independence of Independent Directors.</p> <p>From the results of the assessment, the NRC concluded that each Director has the requisite competence to serve on the Board and has sufficiently demonstrated his/her commitment to the Group in terms of time and participation during the year under review, and recommended to the Board the re-election of retiring Directors at the Company's forthcoming AGM.</p> <p>In addition, the NRC had reviewed the terms of office of the Audit Committee and each member of the Audit Committee, as well as the financial literacy of the Audit Committee members and was of the opinion that the Audit Committee had discharged its duties and obligations effectively.</p> <p>The Board will not consider the periodical engagement of an independent expert to undertake the Board's evaluation as the Company is not classified as "Large Companies".</p>

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

Intended Outcome

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

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors to run the Company 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 Policies and Procedures are structured based on the following key principles:</p> <ul style="list-style-type: none">• the remuneration shall be set at levels that are competitive with the relevant market and industry with the aim of attracting and retaining talents as part of the Group's succession plan;• the performance measures and targets shall be aligned with shareholders' interest in mind;• provide an appropriate level of transparency to ensure the policy for the remuneration of Directors and Senior Management is understood by investors;• the Company's performance in managing material sustainability risks and opportunities;• the remuneration and incentives for independent directors should not conflict with their obligation in bringing objectivity and independent judgment on matters discussed; and• ensure a level of fairness and consistency in remuneration. <p>A formal independent review of the directors' remuneration is undertaken no less frequently than once every three (3) years.</p> <p>The Remuneration Policy and Procedures are available on the Company's website http://timwell.com.my.</p>

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

Intended Outcome

The 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has a combined Nomination Committee and Remuneration Committee for the purpose of expediency since the same members are entrusted with the functions of both the Committees. The members of the NRC are mindful of their dual roles, which are clearly reflected and demarcated in the Agendas of each meeting.</p> <p>The NRC comprises all non-executive Directors as below:</p> <ol style="list-style-type: none">1) Datuk Yap Pak Leong (Senior Independent Non-Executive Director)2) Madam Agnes Soei-Tin Lamey (Non-Independent Non-Executive Director)3) Mr Michael@Radio bin Luban (Independent Non-Executive Director) <p>The NRC is governed by written Terms of Reference ("TOR") which deals with its authority and duties and the detailed of these terms are made available on the Company's website http://timwell.com.my. The TOR of NRC was reviewed on 23 February 2022.</p> <p>The NRC reviews the remuneration of the Board and Senior Management from time to time with a view to ensuring the Company offers fair compensation and is able to attract and retain talent who can add value to the Company.</p> <p>The NRC meets at least once a year to review and recommend the Board's remuneration package and/or reward payments that reflect their respective contributions for the year, achievement of each</p>

	<p>division's goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.</p> <p>During the financial year 2022, the NRC had met in two (2) meetings to review and assess the remuneration package of the Board members and CEO taking into consideration the skills, expertise, composition, size and experience of the Board, including the contribution of each individual Director and 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

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.

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors' remuneration payable for the financial year 2022 on an individual basis are set out on the next page of this Corporate Governance Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Mr Wong Chong Kim	Independent Director	45.0	12.5	Input info here	Input info here	Input info here	Input info here	57.5	45.0	12.5	Input info here	Input info here	Input info here	Input info here	57.5
2	Datuk Yap Pak Leong	Independent Director	40.0	15.5	Input info here	Input info here	Input info here	Input info here	55.5	40.0	17.0	Input info here	Input info here	Input info here	Input info here	57.0
3	Dato Sri Tiong King Sing	Executive Director	40.0	6.0	Input info here	Input info here	Input info here	Input info here	46.0	40.0	6.5	Input info here	Input info here	Input info here	Input info here	46.5
4	Mr Loo Choo Hong	Independent Director	40.0	15.0	Input info here	Input info here	Input info here	Input info here	55.0	40.0	15.0	Input info here	Input info here	Input info here	Input info here	55.0
5	Madam Agnes Soei-Tin Lamey	Non-Executive Non-Independent Director	40.0	21.5	Input info here	Input info here	Input info here	Input info here	61.5	40.0	21.5	Input info here	Input info here	Input info here	Input info here	61.5
6	Mr Michael@Radio Bin Luban	Independent Director	40.0	10.5	Input info here	Input info here	Input info here	Input info here	50.5	40.0	10.5	Input info here	Input info here	Input info here	Input info here	50.5
7	Ms Yap Fook Fung (Alternate Director to Datuk Yap Pak Leong)	Choose an item.	Input info here	7.5	Input info here	Input info here	Input info here	Input info here	7.5	Input info here	7.5	Input info here	Input info here	Input info here	Input info here	7.5
8	Datuk Pau Chiong Ung (CEO)	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	1.0	Input info here	Input info here	Input info here	Input info here	1.0
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.

Application	:	Not applicable – adopted Step Up 8.3	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Adopted
Explanation on adoption of the practice	:	The number of top five (5) senior management whose remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for the financial year ended 31 December 2022 within the successive bands of RM50,000 is as follows:

No	Name	Position	Company ('000)					Total
			Salary	Allowance	Bonus	Benefits	Other emoluments	
1	Datuk Pau Chiong Ung	CEO	420.0	1.0	140.0	67.2	Input info here	628.2
2	William Joseph Jomiu	FMU Manager	115.2	Input info here	19.6	17.2	Input info here	152.0
3	Lee Yoke Wah	Corporate Services Manager	115.2	Input info here	9.618.5	16.0	Input info here	140.8
4	Lee Seng Choon	Log Pond & Plantation Manager	94.8	Input info here	18.5	14.3	Input info here	127.6
5	Suhaili Bin Sainan	Assistant FMU Manager	68.4	Input info here	10.7	10.1	Input info here	89.2

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.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of Audit Committee is Mr Loo Choo Hong, an Independent Non-Executive Director of the Company and is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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.

Application	:	Applied	
Explanation on application of the practice	:	<p>At present, no former key audit partner of the Company's external auditors is appointed as a member of the Board and the Audit Committee.</p> <p>The policy which is codified in the Audit Committee's Terms of References, requires if a former partner of the external audit firm of the Company is being nominated as a member of the Audit Committee, he shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.</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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") has adopted the Policies and Procedures to assess the suitability and independence of External Auditors and the said Policies and Procedures were approved by the Board on 22 February 2023.</p> <p>During the financial under review, the AC had undertaken an annual assessment of the timeliness, competence, audit quality and resource capacity of the external auditors, Messrs. Baker Tilly Monteiro Heng PLT in relation to the audit, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.</p> <p>The Audit Committee had also obtained assurance confirming that the external auditors are independent in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Based on the outcome of the annual assessment conducted in February 2023 on the external auditors' performance, technical competence and professional independence, the Audit Committee recommended to the Board for the re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as the external auditors of the Company for the financial year ending 31 December 2023.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	<p>The Audit Committee comprises three (3) members, and all members are Non-Executive Directors, with the majority of Independent Directors. The Audit Committee is chaired by an Independent Non-Executive Director, who is distinct from the Chairman of the Board and all members of the Audit Committee are financially literate. None of the members was a former key audit partner of the Company's external auditors.</p> <p>The current Audit Committee comprises three (3) members as follows:</p> <ol style="list-style-type: none">1) Loo Choo Hong – Chairman (Independent Non-Executive Director)2) Datuk Yap Pak Leong (Senior Independent Non-Executive Director)3) Madam Agnes Lam Soei-Tin Lamey (Non-Independent Non-Executive Director)

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.

Application	:	Applied
Explanation on application of the practice	:	<p>For the financial year ended 31 December 2022, the Board through the NRC had reviewed the effectiveness of the Audit Committee via a Board Committee effectiveness evaluation. The Board is satisfied with the performance of the Audit Committee and that the necessary skills, experience, knowledge and other relevant field of expertise of the Audit Committee members had contributed to the overall effectiveness of the Audit Committee.</p> <p>All members of the Audit Committee are financially literate and assist the Board to oversee and scrutinise the process and quality of the financial reporting and ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.</p> <p>All members of the Audit Committee undertake continuous professional development and have annual discussion with the external auditors on financial reporting development to keep themselves abreast of the relevant developments in accounting and auditing standards, practices and rules.</p> <p>During the financial year, the Committees had attended training courses, conferences and seminars conducted by various external professionals to enhance their knowledge and expertise and to keep themselves abreast of relevant developments in accounting and auditing standards, practices, and rules.</p> <p>The members of the Audit Committee have attended various continuous trainings and development programmes as detailed in the disclosure of training course, conferences and seminar attended by the Directors during the financial year in the Annual Report 2022 under the Corporate Governance Overview Statement.</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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board takes cognisance of its overall responsibility in establishing a sound risk management and internal control system as well as reviewing its adequacy and effectiveness.</p> <p>The Board is assisted by the Risk Management Committee and Audit Committee to oversee all matters with regard to risks and controls.</p> <p>Further details on the state of the Group’s risk and internal controls during financial year 2022 can be found in the Statement on Risk Management and Internal Controls in the Annual Report 2022.</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 10.2

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 has disclosed the key features of its risk management and internal control system as well as its adequacy and effectiveness in the Annual Report 2022 under the Statement on Risk Management and Internal Control.</p> <p>In 2022, the Risk Management Committee reviewed the risk assessment profile and framework to ensure the key risk areas and factors were updated to better reflect the Group and Company’s current position.</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 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.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>Risk Management Committee ("RMC") was established to oversee and assess the Group's overall business risk profile. The Risk Management Committee evaluated and set out the Group Risk Management Plan and the action and strategies adopted by the Group would be developed and executed by Management and reviewed by the Audit Committee and RMC nominated by the Board.</p> <p>The Risk Management Committee comprises wholly of non-executive directors as follows:-</p> <ol style="list-style-type: none">1) Datuk Yap Pak Leong – Chairman (Senior Independent Non-Executive Director)2) Madam Agnes Lam Soei-Tin Lamey (Non-Independent Non-Executive Director)3) Mr Michael@Radio bin Luban (Independent Non-Executive Director) <p>In year 2022, the RMC has met in one (1) meeting to discharge its duties.</p>

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system.</p> <p>The Group has outsourced its internal audit (“IA”) function to Messrs Lim Chong & Co., an independent professional services firm which reports to the Audit Committee on half-yearly basis.</p> <p>The IA function is mainly to review the effectiveness and adequacy of the existing internal control policies and procedures and to provide recommendations, if any, for the improvement of the control policies and procedures. The Internal Auditors has direct access and report all the matters of internal control to the Audit Committee.</p> <p>Based on the results of the evaluation conducted by the Audit Committee during the financial year, the Audit Committee noted that the IA function is effective and able to function independently.</p> <p>The Audit Committee acknowledges that an independent and adequately resourced IA function is required to provide assurance on the effectiveness of the system of the internal control in addressing the risks identified.</p> <p>During the financial year under review, the internal auditors have conducted review on the Group in accordance to the IA Plan, which has been approved by the Audit Committee.</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 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The outsourced internal audit function (“IAF”) is free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>The name & qualifications of the main person responsible for IAF are as follows:</p> <ol style="list-style-type: none"> 1) Lim Kiat Kong <ul style="list-style-type: none"> - Member of Malaysian Institute of Accountants (MIA). - Member of Institute of Chartered Accountants in England and Wales (ICAEW) - Approved Auditor in Malaysia <p>The IAF is carried out in accordance with the COSO Enterprise Risk Management – Integrated Framework and International Standards on Auditing (ISA).</p> <p>The number of staffs deployed for the internal audit reviews ranges from three to four staffs per visit. The staff involved in the internal audit reviews possesses professional qualification and/or a university degree. Most of them are members of the Institute of Internal Auditors Malaysia.</p> <p>The internal audit staff on the engagement and the engagement Director are free from any relationships or conflicts of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk-based approach and was guided by the International Professional Practice Framework.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges the continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. Hence, the Board consistently ensures the supply of clear, comprehensive and timely information to their stakeholders via various disclosures and announcements, including quarterly and annual financial results, which provide investors with up-to-date financial information of the Group. All these announcements and other information about the Company are available on the Company's website which shareholders, investors and public may access.</p> <p>The Company ensure that the conduct of the general meetings supports meaningful engagement between the Board, senior management and shareholders. The Chairman, the Managing Director or CEO shall respond to the shareholders' queries during the general meeting. The Chairman, where necessary, shall undertake to provide a written answer to any significant question from the shareholders which cannot be readily answered at the general meeting.</p> <p>The complete minutes of the general meeting detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the Company would be published in the Company's website http://timwell.com.my not later than thirty (30) business days after the completion of the general meeting.</p> <p>The Company has identified Datuk Yap Pak Leong as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 12.2

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

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

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with the recommendations of the MCGG, the Company gives its shareholders at least 28 days prior notice of the AGM of the Company, well in advance of the 21-days requirement under the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>Such active step of serving the Notice of AGM is earlier than the minimum notice period allows the shareholders to have ample time in planning their meeting attendance as well as to enable institutional shareholders who hold shares through custodians, to communicate voting instructions to the custodians and ensure that these are acted upon.</p> <p>The Notice of AGM is accessible by the shareholders via Bursa Malaysia Securities Berhad's website and the Company's website. The Notice of AGM is also been published in a major local newspaper.</p> <p>The Company also provides details of the AGM to the shareholders regarding the eligibility of the shareholders, their rights to appoint proxies and other relevant information pertaining to the AGM. Additionally, the Explanatory Notes provided in the Notice of AGM is to enable shareholders to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors, Chairs of committees and Senior Management attended the Company 26th AGM held on 24 May 2022 to engage with the shareholders personally and proactively.</p> <p>All Directors, Chairs of committees and Senior Management shall attend the AGM, unless due to illness or another pressing commitment precluded them for attending the AGM, to ensure an open channel of communication is cultivated.</p> <p>In additional, the External Auditors, Messrs. Baker Tilly Monteiro Heng PLT will attend the AGM and is available to answer questions from the shareholders.</p> <p>During the 26th AGM, the Chairman invited shareholders to raise questions pertaining to the agenda and resolutions tabled before putting them for voting. The Senior Management team of the Group and the External Auditors attended the said meeting to respond to the shareholders queries.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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.

Application	:	Applied
Explanation on application of the practice	:	<p>Due to the on-going COVID-19 pandemic and just before the Country entered into the Endemic phase, the 26th AGM was conducted virtually on 24 May 2022 through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by the Company's appointed share registrar, Securities Services ePortal ("SSeP"). All votes were held by poll and submitted through SSeP.</p> <p>Shareholders who are unable to attend the general meetings may appoint any person(s) or Chairman of the Meeting as their proxies to attend, participate and vote on their behalf at the AGM via SSeP.</p> <p>For year 2023, the Company's 27th AGM will be conducted physically on 24 May 2023 at Crown 2, Level 2, Sabah Oriental Hotel, Jalan Kemajuan Karamunsing, Kota Kinabalu, Sabah.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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>	
Application	: Applied
Explanation on application of the practice	: <p>The Board recognises the importance of general meetings in creating meaningful communication between the Board, Senior Management Team and Shareholders. At the AGMs of the Company, the Chairman ensures that shareholders have the opportunity to participate effectively in these meetings.</p> <p>All Shareholders are given sufficient time and opportunities to communicate their views by posing questions to the Directors and the Senior Management Team regarding matters affecting the Company.</p> <p>The Company's external auditors, Baker Tilly Monteiro Heng PLT will also be present at the AGM to assist the Board in addressing any relevant queries related to the conduct of the audit and the preparation and content of the auditors' report.</p> <p>The 26th AGM was a virtual meeting; thus, the shareholders were allowed to submit their questions electronically through the online platform provided by the Company's Share Registrar prior to the meeting or used the query box to transmit questions to the Chairman of the Meeting and other Directors via RPV facilities during live streaming of the 26th AGM.</p> <p>The Directors/ Chairman of the Meeting had responded to relevant questions addressed to them during the 26th AGM. The Senior Management and representatives of external auditors also attended and participated in the 26th AGM.</p>
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 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>	
Application	: Applied
Explanation on application of the practice	: <p>The 26th AGM of the Company was held on a fully virtual basis through electronic live streaming and online remote voting from a broadcast venue using the Remote Participation and Voting (“RPV”) facilities</p> <p>The administrative details of the 26th AGM, as well as the detailed registration and voting procedures, were shared with the shareholders and the same were also published on the corporate website. The Company also allowed the pre-meeting submission of questions to the Board at its designated email address prior to the 26th AGM.</p> <p>The RPV facilities enabled shareholders to attend, participate, pose questions (via real time submission of typed texts), and vote remotely without physically attending the meeting. Questions received both before the meeting and during the live stream were both answered by the Directors and Management during the meeting.</p> <p>Voting procedures were explained at the meeting and an independent scrutineer was appointed to validate the votes. The votes cast, for or against, and the respective percentages, on each resolution were displayed on the screen and subsequently announced to Bursa Securities.</p> <p>Minutes of the AGM as well as all questions and answers posed by the shareholders are made available on the corporate website within 30 days of the AGM.</p>
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 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>	
Application	: Applied
Explanation on application of the practice	: The complete 26 th AGM minutes of meeting detailing the meeting proceedings including issues or concerns raised by shareholders and responses by the Company was uploaded to the Company's website http://timwell.com.my not later than thirty (30) business days after the AGM.
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 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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